

9/27/78 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Brzezinski to Pres. Carter, w/attachments 3 pp., re: Appointment w/Tom Watson <i>opened per RAC NLC - 126-14-28-1-5, 6/12/13</i>	9/26/78	A
memo	Gretchen Poston to the President, w/ attachments, 6pp. RE:SSANs (2pp.)	9/26/78	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File, 9/27/78 [1] Box 103

RESTRICTION CODES

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THE PRESIDENT'S SCHEDULE

Wednesday - September 27, 1978

7:15 Dr. Zbigniew Brzezinski - The Oval Office.

7:45 Mr. Frank Moore - The Oval Office.

7:58 Mr. William Farris, Democratic Congressional
(2 min.) Candidate, 39th District, Calif. (Mr. Frank
Moore) - The Oval Office.

8:00 Godfrey Sperling Breakfast Group. (Mr, Jerry
(60 min.) Rafshoon) - The State Dining Room.

9:15 Congressman Phillip Burton. (Mr. Frank Moore).
(5 min.) The Oval Office.

9:20 Meeting with Congressional Group to Discuss
Public Works Appropriations Bill. (Mr. Frank
Moore) - The Cabinet Room.

10:30 Mr. Jody Powell - The Oval Office.
11:30 Mr. Charles Schultze - The Oval Office.

2:15 Senator Bennett Johnson, Jr. (Mr. Frank Moore).
The Oval Office.

2:40 Mr. Paul "Robbie" Robinson. (Mr. Frank Moore).
(2 min.) The Oval Office.

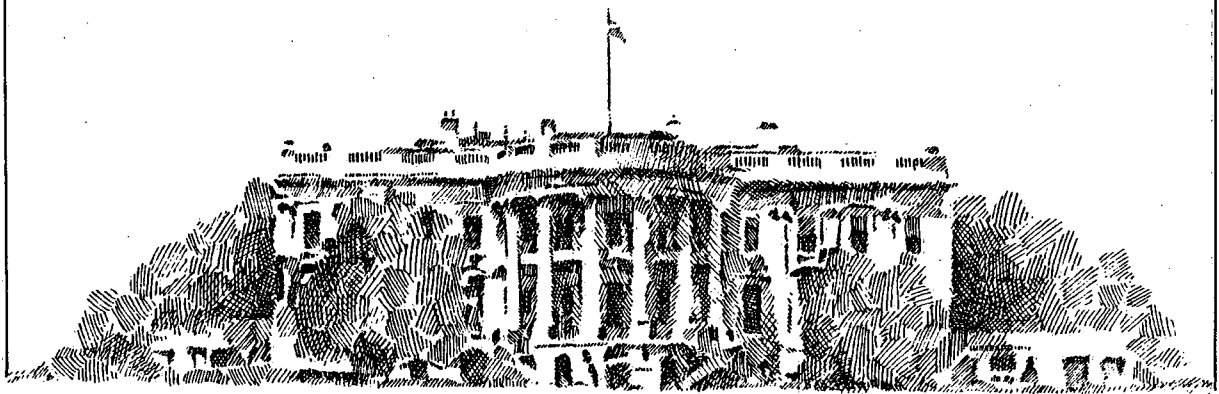
2:45 Drop-By Reception for Presidents of the U.S.
(15 min.) Jaycees. (Mrs. Anne Wexler) - White House
Family Theater.

9:35 Depart South Grounds via Motorcade en route
Washington Hilton Hotel.

9:45 Democratic National Committee Fundraiser (Black Tie)..



The White House



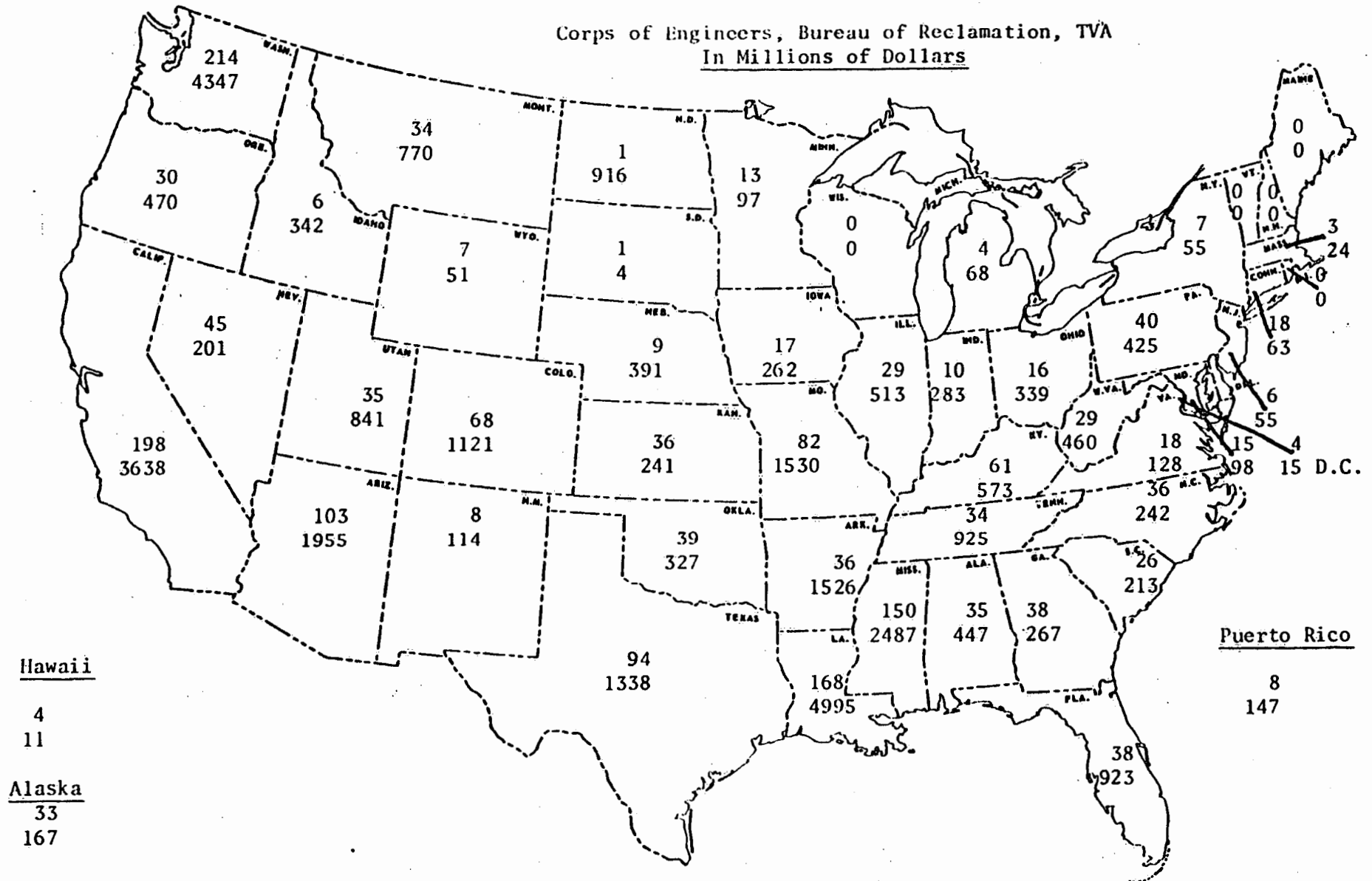
WATER PROJECTS APPROPRIATION BILL

TABLE OF CONTENTS

1. Components of Bill (2 pp.)
2. Summary of Administration Concerns (4 pp.)
3. Issue Papers
 - a. Full funding (1 p. + chart)
 - b. Mandated Personnel Increase (1 p.)
 - c. Water Resources Council (2 pp.)
4. Q's & A's -- 5 general
5. Editorial Sampling (2 pp.)
6. Overview on Water Issue (4 pp.)
7. Water Project Spending by State -- Summary (2 pp.)
8. Water Project Spending by State -- Detailed (approximately 50 pp.)
9. Regional Distribution of Water Project Funding (2 pp.)
10. New Water Projects Supported by Administration -- Summary (3 pp.)
11. Water Projects Opposed by Administration -- Summary (6 pp.)
12. Water Projects Opposed by Administration -- Detailed Fact Sheets (approximately 50 pp.)
13. Deficiencies of New Starts Administration Opposes (Chart -- 3 pp.)
14. Energy Overview (4 pp.)
15. Energy Spending by State -- Summary (2 pp.)
16. Energy Spending by State -- Detailed (approximately 50 pp.)
17. Short-term Impact of Veto (1 p.)
18. Map showing water project funding

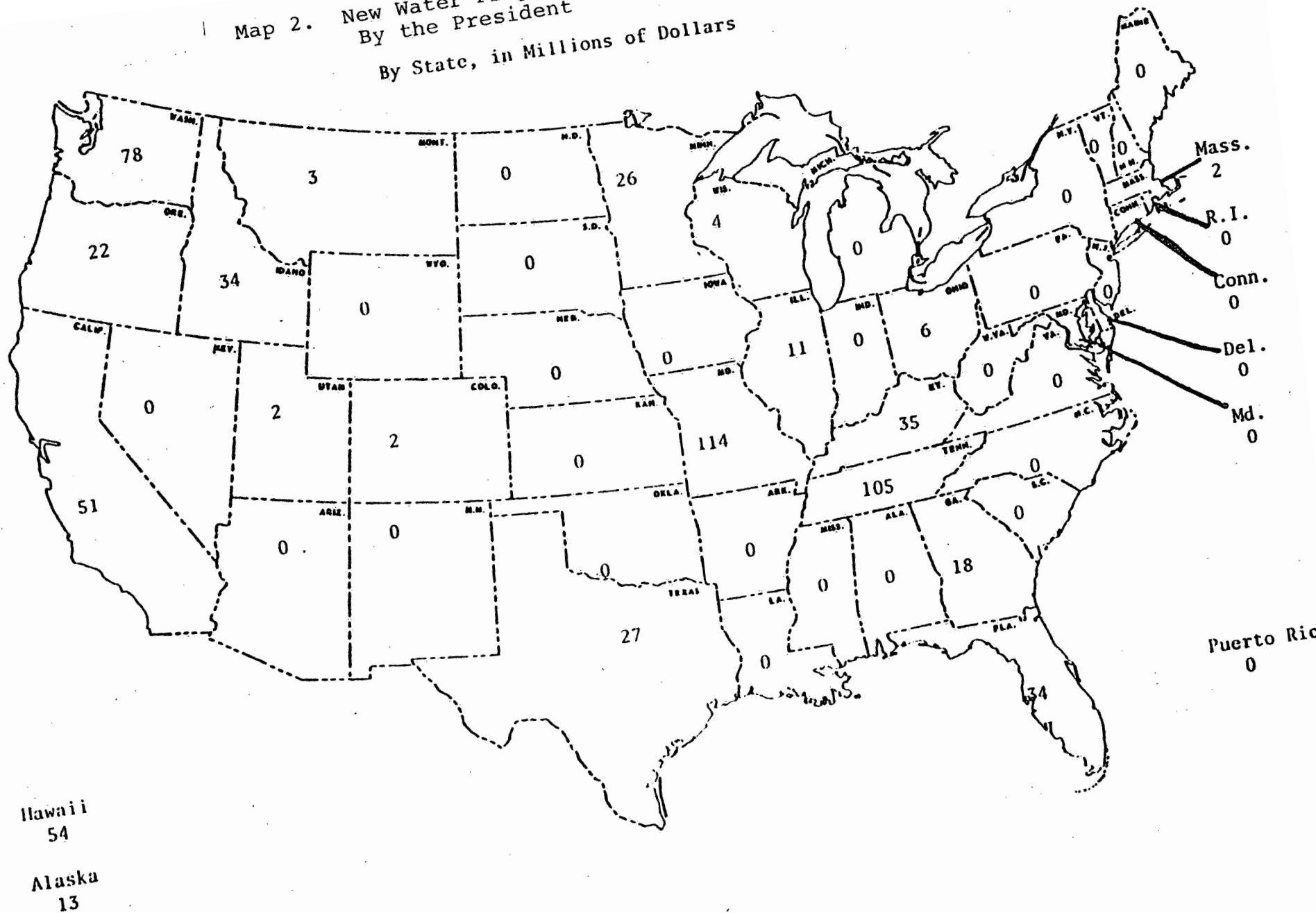
Map 1. Ongoing Water Projects Supported in
the President's Fiscal Year 1979 Budget

Corps of Engineers, Bureau of Reclamation, TVA
In Millions of Dollars



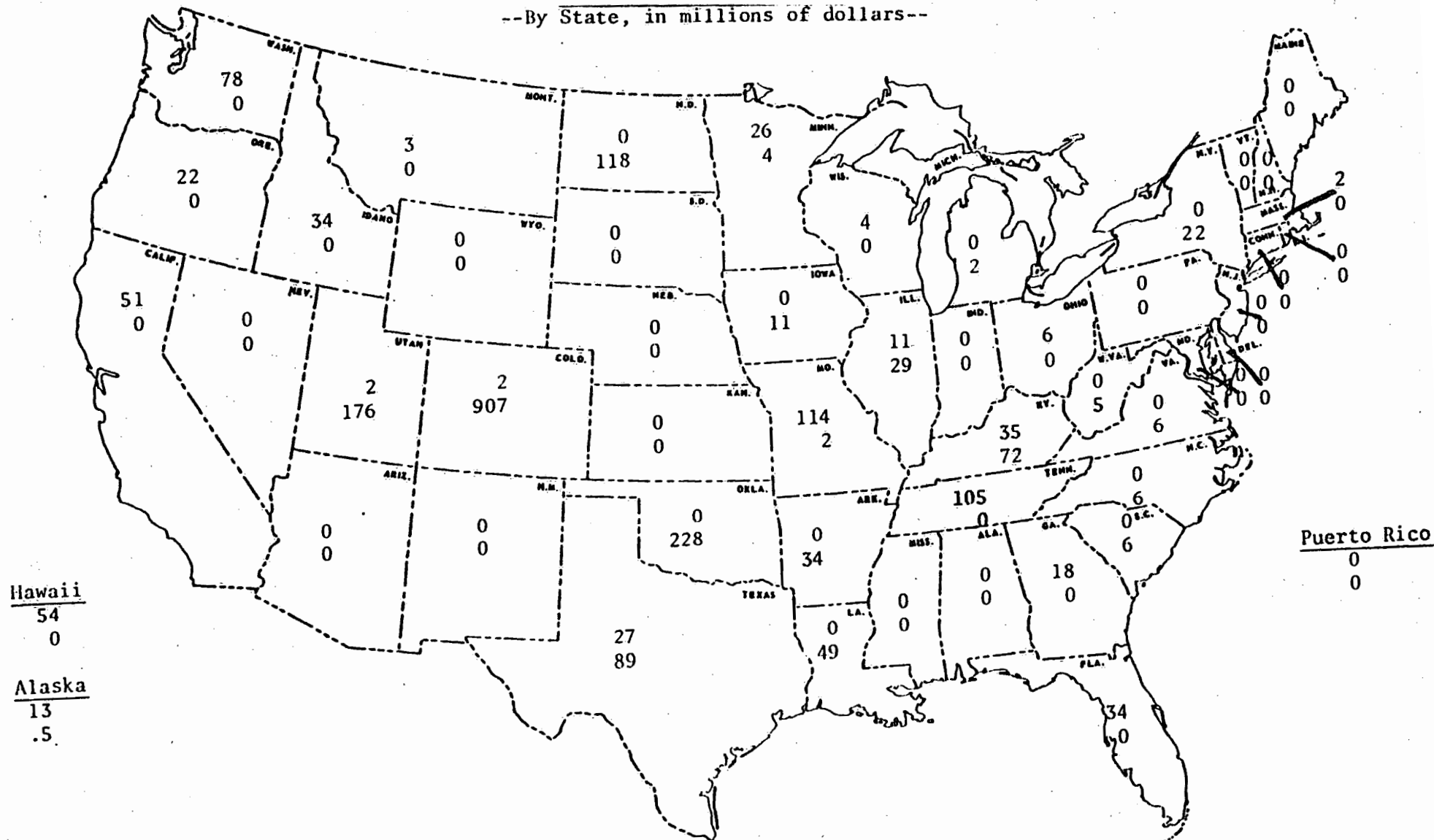
Upper: 1979 amount for ongoing projects
Lower: Total cost of ongoing projects

Map 2. New Water Project Starts Proposed
By the President
By State, in Millions of Dollars



Map 3. Comparisons Between New Water Projects
Supported by the President and Additional
Projects Funded in the Appropriations Bill

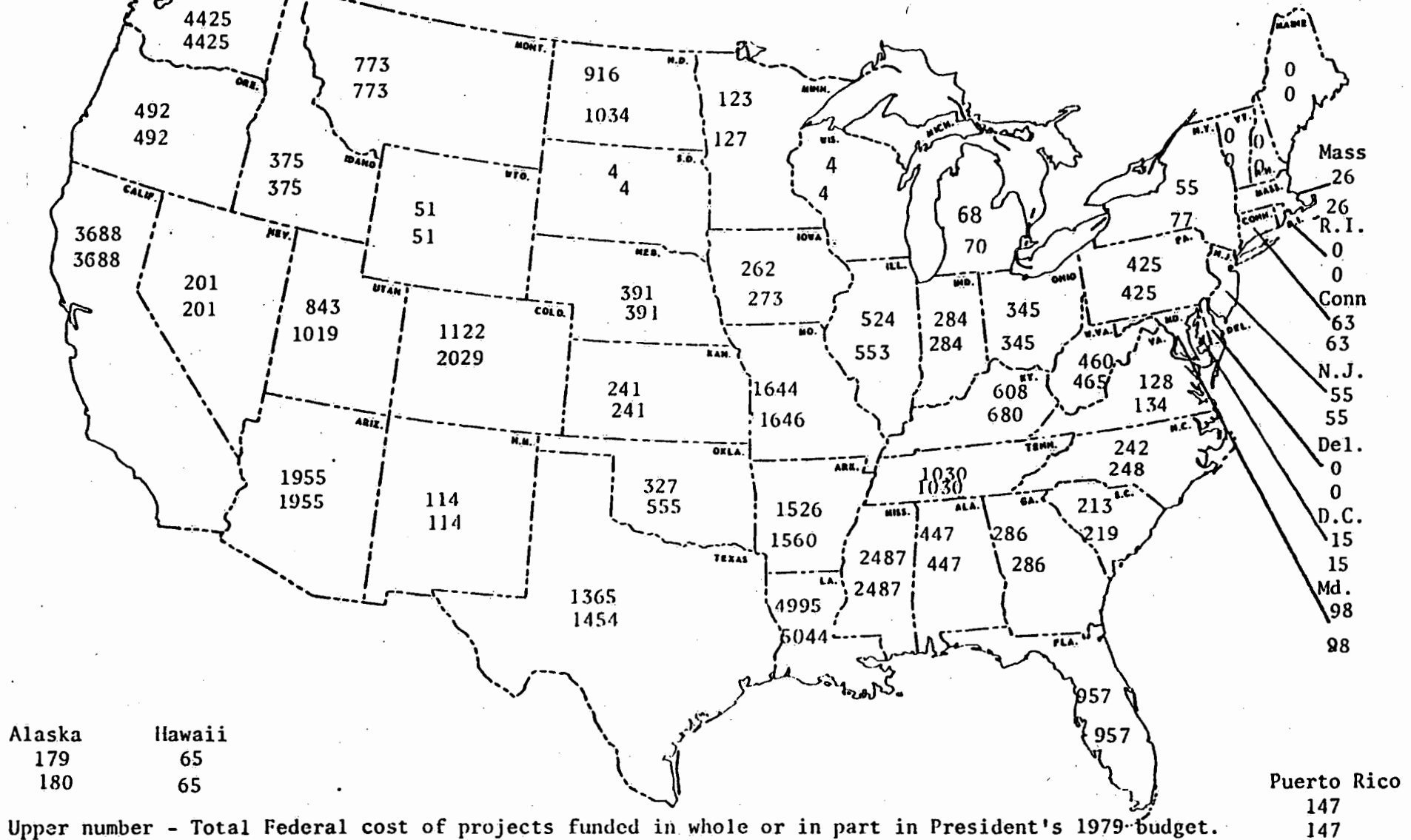
--By State, in millions of dollars--



Upper: President's Budget
Lower: Congressional adds in excess of
President's request (including 6
projects not funded in FY 1978)

Map 4. Comparisons Between Water Projects
Supported by the President and Projects
Funded in the Appropriations Bill (Total Costs)

By State, In Millions of \$



Alaska
179
180

Hawaii
65
65

Puerto Rico
147
147

Upper number - Total Federal cost of projects funded in whole or in part in President's 1979 budget.
The President supports appropriations for these projects.

Lower number - Total Federal cost of projects funded in whole or in part in President's 1979 budget together
with total cost of unbudgeted new starts added by Congress, including 6 projects not funded
in 1978.

MATERIALS ON
H.R. 12928, The Energy
and Water Development Appropriations Act

Summary of the Administration's Concerns

Components of the Bill

Importance of Full Funding

Mandated Personnel Increase

Importance of the Water Resource Council

Material on Inflation

Jobs and Water Projects

Questions and Answers

Editorial Comment

SUMMARY OF THE ADMINISTRATIONS'S CONCERNS ABOUT
H.R. 12928, THE ENERGY AND WATER
DEVELOPMENT APPROPRIATION ACT

Summary

- o A realistic calculation of the total water project spending commitment of this bill is \$1.8 billion more than the President's Budget.
- o The bill uses funding procedures which disguise true costs.
- o The bill would require enlarging the Federal bureaucracy by more than 2,300 new full-time employees.
- o Most of the funding increases are in unsound water projects or water projects for which planning is not sufficiently far along to make a funding commitment.
- o The President supports most of the items in the bill, including:
 - energy research and development funding (the program level for the breeder reactor has properly been left for resolution in the authorizing legislation);
 - \$2.5 billion for water projects with total costs of more than \$35 billion, including 26 new water project starts which will cost \$640 million.
- o The Administration is concerned about the adverse impact of this bill on:
 - the Budget
 - efficient government management
 - a sound water resources development program
 - inflation

Specific Points

- The bill restores funding for six water projects halted last year in a compromise between the Congress and the Administration.
 - These unsound projects would cost more than \$ 580 million to complete.
 - Three are funded for "study" just to keep them alive. No further study is needed to determine they are unjustified investments.
 - Three are funded for construction.
 - All six projects have been exhaustively reviewed.
 - The majority of one project's water supply benefits would go to one catfish farm and several "potential" catfish farms.
 - One project would serve about 69 farm families at an investment of more than \$1 million each.
 - One project's major benefit is flatwater recreation yet within 50 miles there are three completed Federal reservoirs and two under construction.
- The bill funds excess new water project construction starts:
 - The President proposed 26 new construction starts costing a total of \$640 million.
 - After extensive study and review of agency procedures, the President's water policy emphasized the need for consistent criteria to assure that sound projects are funded. The 26 new starts were selected on the basis of economic soundness, readiness for construction, environmental quality, public benefit and budget limitations.

- The bill funds 27 additional new construction starts costing a total of almost \$1.2 billion, making a total of 53 new projects costing more than \$1.8 billion.
- Many of the 27 added projects have not been fully planned, are excessively expensive, are not economically sound, cause unnecessary environmental damage or are very low priority investments.
- One project is not authorized at all and 11 of the 27 have not met pre-construction legal or contractual requirements, including one project where an agreement with Canada is necessary.
- Five of the 27 projects are recreational boat harbors.
- Ten have low economic returns and nine have significant environmental problems.
- Experience has shown that projects commenced without resolving major problems frequently lead to costly delays, litigation and controversy.
- President Carter is the first President to propose new starts in four years.
- o The bill mandates hiring 2,300 additional Federal employees in excess of agency needs.
 - This is a 6% increase in personnel for the Corps of Engineers and a 6% increase for the Bureau of Reclamation (full-time permanent employees).
 - Hiring of unneeded personnel is expensive (over \$50 million per year for 2,300 new employees) and permanently increases the size of the bureaucracy.
- o The bill abolishes the Water Resources Council by deleting all funding (\$1.3 million).
 - WRC is made up of all the agencies with water programs and is thus better suited than any single agency to coordinate water programs.

- WRC has been given important new assignments to help implement the President's water policy, including the development of consistent water project planning requirements, reviewing project planning to facilitate selection of new projects and implementing grant programs for State water planning and conservation.
- WRC is a vital link with States, funding State water planning programs.
- A small investment in coordination can save much more by making the government's water programs more efficient and consistent.
- The bill rejects the full funding approach for new water projects, disguising their true total cost.
 - New construction starts are begun -- inextricably committing the Federal government to project completion on the basis of funding for only one year.
 - The President proposed appropriations of \$640 million to fully pay for 26 new water project starts.
 - This bill adds 27 more new projects with a cost to complete of almost \$1.2 billion.
 - But this bill provides only the first year's funding for all 53 projects -- appropriating only \$103 million. While the bill provides less funding this year than requested by the President, it actually triples the government's financial obligation.
 - Full funding gives more certainty that projects will proceed on optimum schedule, since their full costs are considered at the outset.
- The Department of Energy portion of the bill is generally consistent with the President's Budget.
 - In particular, the issue of the breeder reactor program level is properly left to resolution in the DOE authorization bill.

COMPONENTS OF ENERGY AND
WATER DEVELOPMENT APPROPRIATION BILL

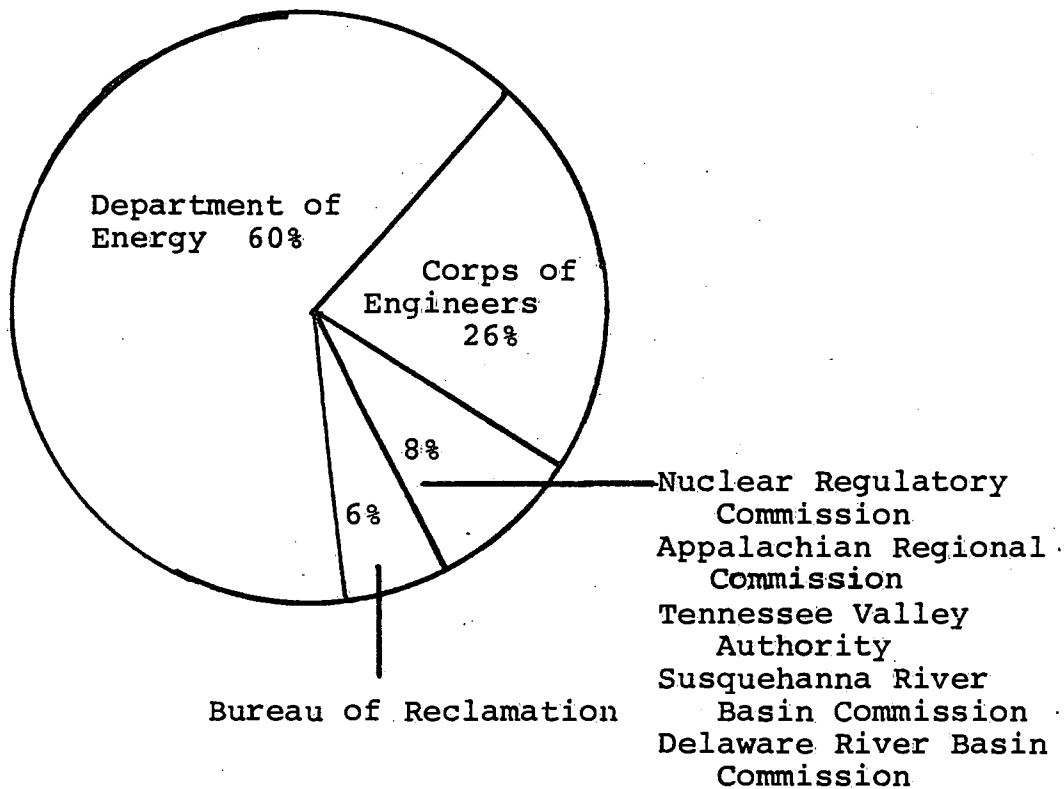
The bill appropriates a total of about \$10 billion in FY1979 Budget authority for energy, water resource development, and other related purposes.

It supplies funds for research and development programs of the Department of Energy; water resource and related programs of the Department of Army's Corps of Engineers and the Interior Department's Bureau of Reclamation; and funding for the Appalachian Regional Commission's Appalachian Regional Development Programs, the Nuclear Regulatory Commission, the Tennessee Valley Authority, the Delaware and Susquehanna River Basin Commissions; and it normally would provide funds for the Water Resources Council, but in this year's bill these funds are deleted.

Agency appropriations contained in the bill:

	<u>\$ in Billions</u>
1. Department of Energy	6.1
(including solar, nuclear, geothermal and other research and development)	
2. Army Corps of Engineers	2.6
(civil works water resource develop- ment)	
3. <u>Department of Interior, Bureau of Reclamation</u>	0.6
(water resource development)	
4. Independent Agencies	<u>0.8</u>
TOTAL	<u><u>10.1</u></u>

ESTIMATED AGENCY SHARES OF TOTAL



THE IMPORTANCE OF FULL FUNDING

Traditionally, water construction projects have been funded on a year-by-year basis, in contrast to normal funding procedures, such as for the construction of prisons, hospitals and Federal office buildings and for weapons procurement, where the actual amount necessary to complete the project is appropriated at the outset. Congress appropriates for water projects each year the funds necessary to complete only that year's work. Such a procedure permits an increase in the number of projects each year without significantly increasing the appropriations for the immediate year. As a result many projects are begun without arousing public indignation over unnecessary spending. However, the overall spending commitment grows dramatically.

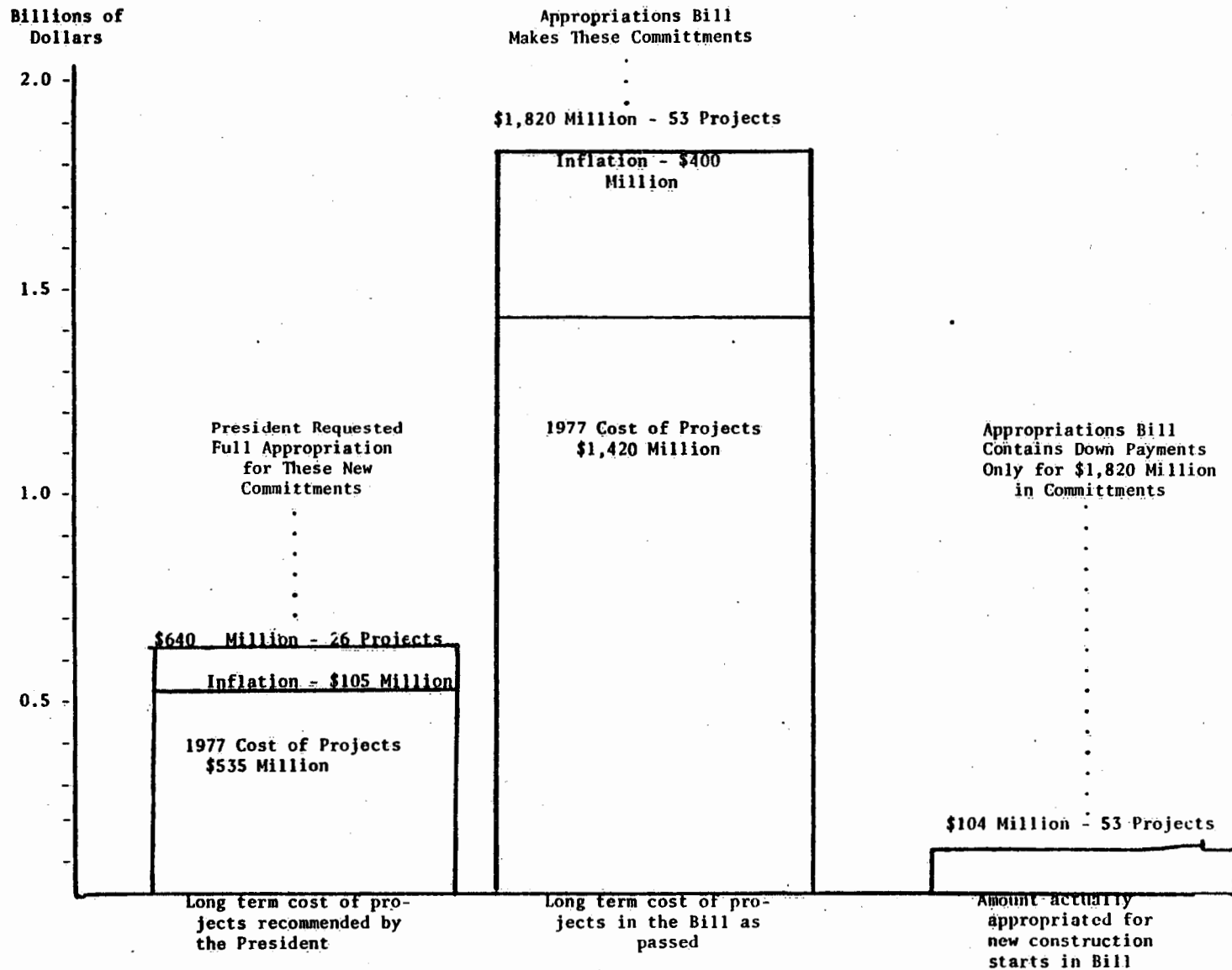
In this bill, the President has requested 26 new construction starts on a full funding basis, including projected inflation; that is, their actual cost to complete is included in his Budget. This approach provides a clear understanding of the total effect of budget proposals and complete disclosure of the spending commitments made by the government. It increases efficiency by allowing projects to be completed on an optimum schedule. Full funding by insuring that full project costs are considered in making the decision to begin construction, also provides more certainty that these commitments will fall within future budget limitations.

Using full funding, the actual spending commitment for new water projects in H.R. 12928 is shown to be much larger than the President's Budget, as follows:

	Full Estimated Cost (millions)	FY79 Appropriations Requested (millions)
President's 26 projects	\$ 640.4	\$ 640.4
53 projects in H.R. 12928	1,820.0	103.6

One project, for example is funded as a construction start in FY 79 at \$500,000 when the full estimated cost of completion is \$412 million (Animas-LaPlata Project, Colorado). Partial funding allows these major spending commitments to creep up on the American taxpayer.

**New Water Project Construction Starts
Long Term Cost and Number of Projects Recommended
by the President Compared with Those in the Public Works Bill**



MANDATED PERSONNEL INCREASE

One of President Carter's major campaign themes was his commitment to an efficient government. Achievement of government efficiency requires sound management of the Federal workforce. The President is committed to holding down the growth of the Federal bureaucracy as part of the overall effort to make government better, but not to make it grow bigger.

However, this appropriation bill would require the U.S. Army Corps of Engineers and the Bureau of Reclamation to hire an additional 2,300 full-time Federal employees, regardless of need. Salary and benefits average about \$25,000 annually for each full-time employee, so that this addition would result in costs of \$57.5 million per year. This increase is simply not justifiable.

Ironically, the bill also would abolish the inter-agency Water Resource Council (WRC) on the basis that this would help the President's goal of eliminating "duplication and overlap among executive agencies." This action would mean a loss of 48 WRC personnel who, with a minimum of bureaucracy, can coordinate the many water-related functions in government and save money by insuring consistency and lack of duplication.

Even where there are expanded responsibilities to carry out, adding permanent staff to the Federal payroll is often not the best way to perform needed functions. Both the Corps of Engineers and the Bureau of Reclamation traditionally contract out for substantial construction and engineering services, while retaining overall management. This helps contribute to a healthy private sector and to maintain Federal flexibility to adjust resources. Permanent full-time Federal staff assigned for such duties do not leave the payroll at the conclusion of a project. They are permanent additions to the bureaucracy.

THE IMPORTANCE OF THE WATER RESOURCES COUNCIL (WRC)

The appropriations bill deleted \$1.3 million for operation of the Water Resources Council - an interagency group made up of eight major agencies and chaired by the Interior Department. Abolishing WRC would be false economy. It would:

- o Eliminate the best existing body in the Federal Government for coordinating the efforts of 25 Federal agencies that annually expend about \$10 billion in a variety of programs ranging from reservoir construction to flood insurance and wetlands protection. WRC helps reduce costly duplication and inconsistencies.
- o Remove the coordinating link between State and Federal water resources management efforts. The States have primary responsibility for the management, development, and regulation of their water resources. Without a Water Resources Council the States would have to work entirely on an individual basis with eight separate agencies.
- o Eliminate only 48 staff positions. At the same time this bill adds 2300 positions in the Corps of Engineers and Bureau of Reclamation.

The President has given WRC major new responsibilities to implement important water policy initiatives:

- o Preparing a manual of procedures for implementing the Principles and Standards for Evaluation of Water and Related Land Resources to insure that the major water resource development agencies use consistent and correct procedures in planning and evaluating water resource projects. This will facilitate the selection of priority projects for construction by permitting valid comparisons among proposed projects.
- o Reviewing all water resources projects proposed for authorization or funding to assure consistent application of planning requirements. This review function will be free from the inherent OMB bias against budgetary increases and each agency's bias to promote its own projects.

- o Implementing two \$25 million grant programs for assisting the States in water resources management and conservation.

Since 1902, Presidential commissions and Congressional Committees have agreed on the need for water program coordination within the Executive Branch. Many have criticized the existing Council and its predecessors for not providing enough coordination. The President has assigned new responsibilities to the Council to improve its effectiveness and the effectiveness of all of the government's water programs, rather than abolishing it and leaving nothing in its place. Short of major reorganization initiatives, the WRC is a vital link in the Federal government's water programs.

INFLATION

Inflation is the most serious problem facing our nation today. The government has an obligation to attack this problem vigorously - through restraint in its own actions that can add to inflation, and through policies that maintain tight control over the budget in order to assure that excessive Federal deficits do not become a source of inflationary pressures.

Government cannot solve the inflation problem alone, of course. Businesses and workers must join in a cooperative effort to reduce the rate of price and wage increase. But government must show the way through restraint in its own activities.

The recent experience with inflation in this country underscores the nature of the inflation problem we face. The forces that initiate an increase in the rate of inflation fall into two broad categories:

- o First, inflation can arise from excess aggregate demand. When unemployment and unused plant capacity are large, fairly rapid increases in the demand for goods and services (on the part of consumers, businessmen, and governments) result mainly in putting idle labor and capital resources back to work. But once the nation is producing at its "potential," further large increases in demand give rise to inflationary pressures. Labor markets are tight, and the attempt by business firms to continue large-scale hiring leads to accelerated wage increases. Strains on industrial capacity add to costs, which can easily be passed on. Shortages develop. With the demand for goods and services outrunning productive capacity, business firms find they can raise prices to increase their profit margins, without fear that competitors with capacity to spare will undercut them. Excess demand became the major factor underlying a sharp increase in the rate of inflation from 1965 through 1969, when the economy was operating continuously with real output above the nation's productive potential while the government was pursuing an expansive economic policy.

- o Second, supply shocks, such as food shortages or an OPEC oil price boost, may also increase costs and prices and give rise to an acceleration of inflation. The impact of supply shocks on the inflation rate will be greatest in periods of high employment, when it is easier for business firms to pass on the higher costs and for labor to raise wages in order to keep up with the cost of living. But supply shocks will tend to push up prices even in periods of substantial economic slack. Although excess demand contributed to this nation's inflation problem from 1973 to 1974, shocks such as these were the major sources of the serious acceleration of inflation during that period. Similarly, harsh winter weather and other factors have contributed to massive food price increases in each of the past two years. Food price hikes have been the primary cause for the very high rates of inflation recently.

Whatever the source of an inflationary problem, removal of the initiating forces of inflation does not, unfortunately, mean that inflation comes to an end. Once underway, an inflationary process becomes deeply embedded in the structure of wage, cost and price increases, and develops a momentum of its own. Unwinding from a prolonged inflation is extremely difficult.

If we are to reduce the rate of inflation, therefore, we must recognize several important facts about the nature of the problem we face.

First, an acceleration of inflation can stem from factors other than excess demand. Recent history teaches us that we must take whatever steps are possible to ensure ourselves against future shocks that could cause a new round of price increases, and to reduce the direct inflationary consequences of government actions.

Second, once excess demands on the economy or sharp increases in food, oil or raw materials prices get an inflation going, the resulting momentum of wage-price increases will be very hard to stop unless business and labor cooperate fully in voluntary efforts to slow the rise of prices and wages.

Finally, and critically, Federal fiscal and monetary policies must support economic growth and continued progress against unemployment in a prudent manner. We must avoid budgetary policies that place excessive demands on the economy that can underwrite a new acceleration of inflation as the economy approaches high employment.

We must steadily reduce the Federal deficit as the economy gains strength. We must pare wasteful and inefficient programs from the Federal budget in order to make room for more important priorities within a tight overall spending program. This is the government's contribution to the anti-inflation effort, and the President is fully committed to this task.

JOBS AND WATER PROJECTS

1. Water projects are capital-intensive, not labor-intensive.

- In the Corps of Engineers, 51 jobs (corresponding to 41 person-years) are created per \$1 million spent.
- In the Bureau of Reclamation, 47 jobs (corresponding to 37 person-years) are created per \$1 million spent.
- Most other Federal programs produce many more jobs for the same amount of money. Examples (estimated number of jobs per \$1 million):

NASA Space Shuttle	57
Water Utility Projects	60
Federal Highway Program	57
Local Transit Projects (Subway, etc.)	45
Manpower Programs - CETA	136
DOD Military	74

2. New starts not budgeted by the President historically do not create as many jobs in the short term as projects proposed in the President's Budget. This is largely because many unbudgeted new starts are not really ready to get underway and will suffer from delays while problems are worked out.

- This year's budgeted new starts are projected to expend 8 percent of the total funds in the first year in the Corps program; 14 percent in the Bureau.
- This year's unbudgeted new starts are projected to expend only about 4 percent in the Corps and 2 percent in the Bureau in the first year.
- Thus, water projects, particularly questionable projects, are not good near-term job producers. For example, the new Corps of Engineers starts added in H. R. 12928, which would commit \$446 million in excess of the President's Budget, would produce only an estimated 2,444 person-years of employment, in the next two

fiscal years. This compares to the 5,307 which would be generated by the Corps of Engineers new starts proposed by the President, which commit a total of \$520 million.

3. New starts selected to meet criteria of readiness and environmental and economic soundness are likely to be subject to more certainty and fewer starts and stops due to litigation, controversy, delays. The President has proposed 26 new starts (he is the first President to propose any in four years). They are sound projects which have met all applicable requirements. The bill funds these 26, plus 27 more, many of which have legal, procedural and substantive deficiencies.
4. Pacing new starts each year is better for the construction workforce than an uneven flow of projects. The President is likely to propose additional new starts next year if only a reasonable number are started this year. Excessive new starts in one year may lead to few or none in a subsequent year.
5. None of the water projects opposed by the President are currently under construction, thus there would be no lay-offs if the projects are not funded this year. The appropriation bill includes funding for 27 new starts to which the Administration is opposed. It also includes funding for six unsound projects terminated in a compromise with the President last year. Construction is not underway on any of the 33 projects opposed by the Administration.
6. Full funding of water projects also lends predictability to construction scheduling. The President has proposed that the full cost of the 26 new projects be included in the FY1979 bill. This means that the total cost, including inflation, is taken into account in the beginning. Projects can then proceed on an optimum schedule. However, the water project appropriation bill typically "shoe-horns" more projects into the Budget each year, with only small amounts of funding for each. Overall budget pressures cause stretching of construction schedules and each year there are debates on whether and at what pace ongoing projects should proceed. This year's bill initiates 53 projects costing \$1.8 billion, but appropriates only \$104 million.

QUESTION:

What is wrong with the appropriation bill from the Administration point of view?

ANSWER:

In summary, the bill does the following:

- o Funds initiation of over 50 new water project construction starts tripling the long-term funding commitment of those recommended by the President and commencing projects of questionable merit or not fully planned.
- o Resumes construction or planning on 6 projects previously terminated because they are unsound investments
- o Abolishes the Water Resources Council, the entity responsible for coordinating water programs.
- o Mandates federal personnel level increases of more than 2300.

QUESTION:

Why does the President oppose the hiring of the additional personnel mandated for these agencies in the bill? Isn't it cheaper and more efficient to use Federal employees than contractors?

ANSWER:

The Office of Federal Procurement Policy within the Office of Management and Budget has established a set of very detailed procedures to be used by Federal agencies in determining whether or not to contract for a service as opposed to doing it with Federal personnel. Federal employees cannot easily be terminated when projects are completed or agency needs change. The Corps and the Bureau of Reclamation have traditionally used contractors for their construction work and a mixture of contract and Federal workers for engineering and design and maintenance. The effect of the action by the Congress would be to force these agencies to ignore these procedures and to add additional Federal personnel to their work forces irrespective of the relative costs or efficiencies of doing so. Since these people would not be used on the actual construction of projects, this would do little more than alter the mix of contractors versus Federal personnel in non-construction areas and might well increase the cost of carrying out the Corps and Bureau programs. It would certainly cause unnecessary, major and permanent additions to the Federal workforce. The private sector includes construction and architect engineer concerns that have performed services for water and other construction agencies quite efficiently in the past, and they are available to provide such services now.

QUESTION

What does full-funding mean and what is its significance?

ANSWER:

Water projects have traditionally been funded incrementally by the Congress. In other words, each year sufficient funds were appropriated to the agency to continue work on the project for that year. Because project construction begins at a low level and only reaches its peak after several years, it was possible to initiate construction on a \$100 million project with only a small down payment of \$1-2 million. This created a false impression of the actual cost of the project. Almost every other government program is funded by appropriating the true full costs of projects. The President this year proposed full funding of water project new construction starts. He requested the full amount each project was expected to cost to construct including inflation. This put the full financial commitment to each project right out in the open. However, not only does the Water Development Appropriation add substantially to the number of projects, but it continues the old practice of incremental funding. The bill gives the impression of reducing the budget below the President's request, while actually tripling the long-term commitment.

QUESTION:

How does full funding of water projects tie in with zero-based budgeting?

ANSWER:

Full funding of new construction starts is certainly not inconsistent with the theory or practice of ZBB. Incrementally funding projects as the Water Development Appropriation does -- putting a token down payment-- is inconsistent with ZBB. The ZBB process at every level emphasizes the determination of clear objectives, and the clear and proper pricing of decision packages -- all of these necessary determinations are obscured by the downpayment approach to budgeting.

QUESTION:

If the President vetoes the water project funding bill, won't it be a continuation of the "war on the West?"

ANSWER:

There never was a "war on the West." The President supports the vast majority of water projects in the West, including such large projects as the Central Arizona Project, the Bonneville Unit of the Central Utah Project, Dallas and Dolores in Colorado and many others. It is interesting to note that the President's budget supports construction on projects worth more than \$35 billion -- about 50% of this construction is in the West. The President also supports new water project starts in every region. The President's water policy issued in June also reflects concern and sensitivity to the special water problems of the West.

Editorial Criticism of Public Works Legislation

"Help put a stop to this entire wasteful process. Carter probably will veto this bill. Support him in that course of action. Make this the first time in history that a public works bill has ever been successfully vetoed. Put your Congressman and Senators on notice that if they vote to override the veto, they do so at serious risk to their political lives."

THE IDAHO STATESMAN, Sept. 11, 1978

"The porkbarrel richly deserves to be vetoed and not only because it is loaded with boondoggles that flunk even the lowest cost/benefit ration standards. It would commit the government to future-year spending that would make a shambles of future budgets."

THE BALTIMORE SUN, Sept. 19, 1978

"Most of the projects are in the West. And it is often said that easterners just don't understand the region's water problems. Maybe so. But certainly the whole country understands the need now for rudimentary efficiency in government. Except apparently the members of Congress. They are clearly posing a direct challenge to the President's desire to set national policy. He should meet it."

THE BOSTON GLOBE, Sept. 4, 1978

"The clear intent of Congress is to throw down the gauntlet to President Carter, challenging him on who will decide how much federal money is spent where and on what water projects. If Mr. Carter really wants to show the country a new image of decisiveness and strength, he will veto this monstrous pork barrel, and he will be as noisy about it as its authors have been quiet and furtive."

THE PROVIDENCE JOURNAL, Sept. 3, 1978

"No federal spending measure passed this year is more outrageous and indefensible than the public works bill soon to hit the President's desk. Mr. Carter has virtually promised to veto it. That will give him an A-plus for courage and responsibility, and give Congress a last chance to muster what statesmanship it can and sustain his veto."

THE DETROIT FREE PRESS, Sept. 10, 1978

"So we hope Mr. Carter does veto this bill. It is wasteful. It is, as we said, a raw showing of political arrogance on the part of Congress. We also hope that, when the time comes, you will tell your representatives in Washington that it is a bad piece of legislation -- and that President Carter's veto should stick."

THE PHILADELPHIA EVENING BULLETIN,
Sept. 11, 1978

DRAFT PRESS RELEASE ON WATER PROJECTS

President Carter should veto the water projects bill (HB 12928) because it is fiscally irresponsible, Congressman _____ said today.

"This is no time for Congress to send the President a 'wish list' which will cost taxpayers \$1.8 billion more than the President's program and to expect anything but a veto," he said.

The bill Congress has approved would:

- Increase to 53 the new starts for water projects. The President asked for 26 new starts, at a total cost for completion of \$640 million. The 27 additional projects over the President's recommendation will cost \$1.2 billion more.

- Restore funding for six water projects halted last year in a compromise between the Congress and the Administration. These would cost \$580 million to complete.

- Require the President to hire 2,300 additional employees for the Bureau of Reclamation and the Corps of Engineers.

- Continue the tradition of only funding the projects on a year-by-year basis.

"I don't think the President can manage the government
more

efficiently if Congress makes him hire personnel he thinks he doesn't need. On top of that those 2,300 will cost taxpayers \$57 million a year." _____ said.

He also was displeased that Congress did not agree with the President's recommendation to start allocating all the money for a water project at the start.

"We do this with most every other thing Congress approves spending money on. But, for some reason, on water projects we only make 'down payments'. So we approve \$500,000 one year to start a project and never focus on the fact that project will cost \$412 million to complete." he said. The bill funds 53 new projects costing \$1.8 billion with a down-payment of only \$104 million. "That's why some say that this bill comes in under the President's Budget," _____ said.

_____ said most of the projects added to the bill either are economically unsound, or it is too early in the planning process to know if they make sense to build.

"President Carter is the first President in four years to propose any new starts for water projects. I think we can afford to proceed responsibly in this area.

more

"Congress did a good job on the energy section of the bill. I hope the President vetoes the bill quickly so we can straighten out the water projects and get that money to work in energy research and sound water development."

_____ said.

Editorials

Congress Is Begging for a Public Works Veto

When a congressional subcommittee passed the usual public works appropriation bill earlier this year, it recommended changing the title to "energy and water development"—the better to reflect the bill's content. Senator John Stennis (D-Miss.) objected that the name "public works" has "prestige" and connotes "progress." As far as we're concerned, it still connotes "pork barrel."

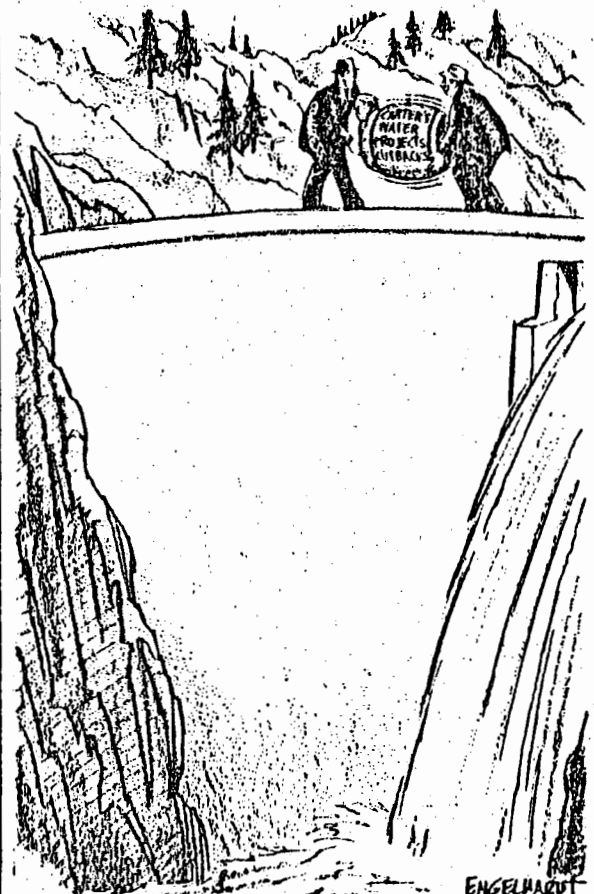
No matter what you call it, the \$10 billion bill is as larded as its predecessors. It contains funding for six water projects President Carter thought Congress had agreed to stop last year—plus extra money to start work on several new dams and other projects. The House has passed the conference report and Senate action is expected at any moment. The administration is already trying to line up the votes to sustain a possible presidential veto.

Carter has dropped plenty of hints that he wants to veto the bill, and we hope he'll follow through. Not only does it provide funding for a number of highly dubious and expensive undertakings, but

it pays scant attention to the water policy the administration announced last summer. And though the bill passed easily in both houses, the failure of Congress to override Carter's nuclear carrier veto and the prestige he acquired at the Camp David summit should help his cause now.

Carter had proposed that states and localities provide more funds as evidence of their own strong commitment to a project; Congress disagreed. Carter had asked that the bill reflect the full cost of new projects; since it does not, Congress was able to claim that it had actually cut the administration's request.

Finding arguments against these projects isn't hard. Some would provide irrigation to make dry land suitable for raising corn—but the nation is about to harvest a bumper crop, and the government in effect is now paying farmers not to plant corn. If Carter wants to show that he's serious about better controls on expensive and environmentally unsound water projects, he must veto this bill and risk the battle that's sure to follow.



ENGELHARDT
Engelhardt, St. Louis Post-Dispatch

'You sure this is the way this death-defying feat is done?'

Congress' problem isn't Carter

At least a few members of Congress admit responsibility for the congressional inaction President Carter is getting blamed for. Some of the representatives and senators recently interviewed by *Congressional Quarterly* agreed with Rep. David R. Obey that "things would be only marginally better" if the administration had been more effective in dealing with Congress.

To be sure, the administration has made mistakes in dealing with Congress, which not

only is a diverse and competing group of interests but also is a sensitive collection of egos.

Other factors contributing to the logjam in Congress include Senate rules, House reforms, the power of lobbyists, and weakening party loyalty.

The filibuster privilege in the Senate has obstructed some pending bills, such as the measure to protect federal land in Alaska. The filibuster gives a lot of power to a few. But neither the public nor President Carter is requiring the Senate to put up with that. The Senate can stop the filibuster any time its wants.

House reforms, breaking and sharing the power once held by committee chairman, has brought more democracy. But that has been time-consuming because more interests have to be satisfied. As a result, proposals often have to be watered to nothing in order to get anywhere, the hospital cost containment bill being a recent example.

Tied into that is heavier and more sophisticated lobbying, coupled with a public that isn't stirred into any great consensus. Thus Congress has suffered no public anger for tearing up President Carter's welfare reforms or the proposal for public financing of congressional elections.

President Carter got off to a bad start with Congress by attacking pork barrel water projects. Congress ever since has balked at the President's legislative program, and blames its own balking on Mr. Carter's supposed ineffectiveness. Congress may blame Mr. Carter for that, but the public, whose money President Carter was trying to save, ought to hesitate before throwing that stone.

Ol' pork keeps rollin'

Peace in the Middle East may be easier to attain than peace between Congress and President Carter over funding public works projects. The House of Representatives has done it to him again.

The President, you no doubt will recall, some time ago issued what came to be known as a hit list of proposed public works projects he felt were not justified or were environmentally unsound. Since public works provide congressmen with their greatest tool for taking care of the folks back home, Carter's hit list produced screams of agony.

Then the bargaining began.

Last week, the House passed a \$10.2 billion public works appro-

priations bill that includes six projects from the President's hit list: six of eight it did not fund last year. How did it manage to skip two? One was opposed by both of the affected state's senators; the other was opposed by a back-home referendum. Makes you wonder how some of these things get as far as they do.

The President's people are talking veto; congressmen are trying to convince the President that the ditches, dams and waterways — far from being the pork barrel projects they seem to be — are either worth building or are merely receiving "study" funds and therefore shouldn't worry anybody.

Sometimes it's tough to save a buck.

MICHAEL J. MC MANUS

Pork Barrel Water Projects

The President is expected to veto a Public Works bill in the next week or so, with directions to the Congress that it should remove \$1.3 billion worth of "expensive, pork barrel projects that we do not need."

Members of Congress from the Northeast and Midwest should take the lead in sustaining the President's veto, for most of projects the President wants deleted are for water projects that are uneconomic and/or environmentally unsound. And most would stimulate further growth in the Sunbelt at our expense.

In fact, seven of the projects, costing more than \$600 million were supposed to have been dropped forever, in a compromise worked out last year between the White House and the Congress, after he sought to kill 18 water projects that encourage population growth in arid areas with federal subsidies.

Curiously, when an amendment was offered on the House floor to reinstate those cuts by Rep. Robert Edgar, D-Penn., 30 Northeast and Midwest members voted for the Sunbelt pork barrel projects, resulting in a defeat of the Edgar Amendment by a 142-204 vote.

How did such a bill ever get approved?

It is a tale of politics at its worst: backscratching deals made by Members of Congress, trading boondoggle for boondoggle, acting in defiance of alleged interest in economies of government, coupled with the bungling of the administration which produced its list of acceptable projects only after congressional committees had already acted to balloon up the water project costs by \$1.3 billion.

It is also a story of misplaced priorities by Northern congressional leaders, including some with Presidential aspirations: Reps. Jack Kemp, R-N.Y., Philip Crane, R-Ill.

One can understand why Sunbelt Congressmen stick together on this bill. Not one dollar of TVA investments or of the \$7.8 billion spent by the Bureau of Reclamation has benefitted the North, and only 9 percent of Army Corps of Engineer's proposed water construction budget will be spent in the 16 states

from Maine to Minnesota. There may be no more important engine of the Sunbelt's boom than the cheap water and power provided by these three federal agencies, mostly subsidized by Yankee taxpayers.

For example, federally subsidized power in the Southeast wholesales for six-tenths of a penny. But it wholesales to Boston Electric for 4.35 cents, to Cleveland Electric for 4 cents and 2 cents to Duquesne Power in Pittsburgh. No wonder energy-intensive industry has moved south.

And federally subsidized water is often cheaper in the arid West than in the Northeast where water is plentiful but unsubsidized. A thousand cubic feet of water costs \$3.30 in Tucson and as little as \$2.10 in Salt Lake, but \$13.90 in New Haven, \$13.38 in Philadelphia, \$3.80 in Boston and \$7.50 in Detroit.

Why, then, did 30 northern congressmen — particularly conservatives like Jack Kemp, who wants to cut federal taxes 30 percent — vote in favor of a bill that added \$600 million worth of projects that had been rejected plus 27 new starts costing \$1.2 billion more than what was recommended by the President.

"In any bill, there are going to be some projects better than others," said Jack Kemp. I can't line item veto what I don't like," I responded. "That's not so in this case since the Edgar Amendment gave you a chance of voting down seven wasteful projects while not affecting a project in your district."

"I may not pass some litmus test for consistency but I'm not ashamed," he said.

It is going to take a whole of a lot of figuring to justify a total replacement of the sewer systems of old cities. Should the Northeast and Midwest accept pigs in a poke from the Sunbelt so we can hustle them for our own costly dreams?

This observer says no. I'd rather see our region rally around the President's thoughtful water policy which provides the first carefully considered set of ground rules upon which the economic and environmental tradeoffs of all federally funded water projects are openly proposed, debated, and decided upon

WATER: Congress persists in its dam foolishness

CONGRESS IS taking up another public works measure this week, and wretched excess is once again the norm. The new authorization bill is jammed with projects of considerable expense and dubious benefit, for which cost figures have been juggled or ignored by the House Public Works Committee that crafted it.

Authorization bills are what set the pork barrel rolling. Once authorized, a project acquires a kind of independent life, even though funds for it may not be appropriated for several years. Authorization is a promise, to a congressman and his district, to developers and speculators and the public works lobby, that a project will someday be funded and built; you tamper with those expectations at your risk. Look what happened to Jimmy Carter and his "hit list" of Western water projects.

So the best time to stop wasteful, expensive and unnecessary projects is before they are authorized. The bill the House will be asked to approve this week contains enough such proposals to justify defeating it or sending it back to committee for major surgery.

Thirty-seven of the 51 projects in the bill would be authorized for construction even though the Army Corps of Engineers hasn't decided whether they are needed, or has given them an unfavorable review. In some cases, where costs outweigh benefits or are as yet unknown, the committee has simply declared the projects "economic" by legislative fiat; never mind what the figures show.

On a number of projects, the bill provides for 100 percent federal funding, breaking from sensible past precedents that required minimal local cost-sharing; one project, on the Trinity River in Texas, has even been rejected by local voters. On others, the cost has never been computed. One, Gulfport Harbor in Mississippi, is being built for the nearly exclusive benefit of a single firm.

Last week the House gave final approval to a bloated, \$10 billion public works appropriations bill which the president has indicated he may veto, and deservedly so. Eight Michigan congressmen, we note gratefully, voted against that bill, including Republicans Garry Brown and Dave Stockman and Democrats James Blanchard, David Bonior, William Brodhead, John Conyers, Dale Kildee and Lucien Nedzi. Now Rep. Bonior is trying to mount a floor fight against the new authorization bill, and its list of sugar plums we will be asked to finance in the future. He will need all the help he can get.

A vote against these public works bills is a vote against inflation and waste, against inequity and special interests and, in the case of several projects, against considerable environmental damage as well.

It is also a vote that will strengthen the president's hand in future confrontations over spending, and give the House Public Works Committee a nudge back in the direction of economic sense. In an election year, there's hardly a better platform for a congressman to stand on.

PORK BARREL: Carter is right in opposing a monstrous works bill

[N]O FEDERAL spending measure passed this year is more outrageous and indefensible than the public works bill soon to hit the president's desk. Mr. Carter has virtually promised to veto it. That will give him an A-plus for courage and responsibility, and give Congress a last chance to muster what statesmanship it can and sustain his veto.

The bill represents a major double-cross of the president by Congress. It restores six unnecessary water projects, costing \$375 million, that Congress agreed to kill last year in a compromise with Mr. Carter, who wanted to eliminate 18 of them. The bill also doubles the number of new construction starts proposed by Mr. Carter — to 53 projects, costing \$1.2 billion; and it mandates the hiring of 2,300 new employees, whom the Army Corps of Engineers says it doesn't even need or want.

Even as public works bills go, this one is a zinger. It kills the president's proposed Water Resources Council, which would have brought some rationality and cost-effectiveness to planning future water projects. It includes funds for dredging marinas and yacht harbors, and for irrigation projects that will benefit a handful of landowners at a cost to the federal taxpayer of \$1 million per landowner.

Meanwhile, an equally obnoxious mea-

sure is coming up fast behind this one — Jaws II at the pork barrel, so to speak. That is a bill, passed by the Senate and soon to reach the House floor, authorizing construction or planning of 67 more projects. Those projects will show up in future public works appropriations bills.

The Corps of Engineers has not yet finished studying, or determined a need for, nearly half of the projects packed into the bill. On others, Congress has arbitrarily altered the Corps' figures to make the projects appear economic when they are not, and altered cost-sharing arrangements so the federal government will pick up a bigger share of the tab than usual.

There are, it should be noted, a few sane voices to be heard. Rep. James Blanchard, D-Mich., fought a brave but losing battle to delete the offending projects from the public works bill. Another Michigan Democrat, Rep. David Bonior, is mounting an effort to delete the worst features from, or defeat, the authorization bill. But every member of the Michigan delegation ought to swing behind such efforts.

To go on financing economically unjustified and environmentally damaging projects is a basic misuse of public funds. Even more hurtful for Michigan is that each project represents a subsidy paid by this state's taxpayers to another part of the country, chiefly the Sunbelt, which is causing us quite enough problems as it is.

It's a funny thing: all the oratory about inflation and the taxpayers' burden—everything one hears when Congress is asked to approve welfare reform or environmental regulations, for instance—vanishes when the public works bills come up. Wouldn't it be refreshing if, just this once, enough congressmen stopped drooling over the pork barrel to sustain the president's veto, and to head off the worst of the projects being eyed for the future? We're hoping.



Bonior



Blanchard

They opposed wasteful parts of the bill

Carter should defend his national water policy

In the steamy lassitude of a Washington summer, a joint congressional committee has been quietly but diligently at work wrecking President Carter's new national water policy. Not only would Congress deny the President's hopes to reshape that policy to conserve water and to cap the annual gusher of federal spending on pork-barrel water projects, but the legislators are bending over backward to do just the opposite.

The Congress seems determined to force a veto from the President on a \$10.1 billion public works appropriations bill that includes several dam projects Mr. Carter thought he had killed last year, in his first fight to stem the tide of water projects spending.

Both houses, in their separate authorization bills, have reversed the President's proposals to make state and local governments pay more of the cost of such projects, as a means of encouraging conservation. The two bills go the other way.

Where Mr. Carter attempted to set up more stringent rules for cost-benefit analyses which are supposed to show which projects are justifiable and which are not, the bills loosen the rules.

Where the President sought to continue the Water Resources Council and buttress it with new duties to review all new water projects critically, the Congress would kill funding for the agency and direct the President to hire 2,300 bureaucrats to oversee traditional projects. The hypocrisy of this action was blatantly demonstrated by the House appropriations subcommittee chairman, a Democrat, and the ranking minority member, who argued that dissolving the

council would "save \$1,320,000," and be in keeping with Mr. Carter's desire to eliminate unnecessary bureaucracy. Hiring 2,300 new bureaucrats will cost 25 or more times that amount.

Additionally, the bills run directly against the President's policy by increasing the share of federal spending on dredging projects, waiving in some cases unfavorable cost-benefit ratio findings, and authorizing certain projects that have not yet even been studied by the Army Corps of Engineers.

While cost-benefit ratios are a controversial subject, they are also the standard and best method of deciding the usefulness of a project. For Congress to substitute its own political judgment for objective analysis is a gratuitous insult to the taxpayers' intelligence and economic welfare, and makes a farce of congressional pretensions to concern over inflation and budgetary responsibility.

Another insult emerges with the inclusion of private interest legislation including authorization of a \$45 million dredging project to deepen and widen nine miles of Gulfport Harbor in Mississippi, for the sole benefit of E.I. duPont de Nemours & Co., which is building a plant there.

The clear intent of Congress is to throw down the gauntlet to President Carter, challenging him on who will decide how much federal money is spent where and on what water projects. If Mr. Carter really wants to show the country a new image of decisiveness and strength, he will veto this monstrous pork barrel, and he will be as noisy about it as its authors have been quiet and furtive.)

The Politics of Water Policy

A LONG WITH EVERYTHING else, President Carter is taking a beating in Congress on the water-policy front. Despite his veto threats, Senate-House conferees have voted funds for six of the public-works projects that Mr. Carter thought had been shelved last year. Meanwhile, both houses have largely rejected the stricter standards and new planning procedures Mr. Carter has proposed. In the most outrageous move of all, the House Public Works Committee is advancing a \$1.2-billion-plus grab bag of authorizations for about 120 more river and harbor projects—including dozens that don't meet the panel's own standards for executive-branch review, local cost-sharing and the like.

How can Mr. Carter salvage something, or even avoid a rout? Some officials and environmental lobbyists think he needs to "get tough." As they see it, the administration only encouraged the old-line forces by accepting a compromise in last year's water-projects fight and trimming its proposals last winter to appease the Western governors. What's needed now, according to this view, is some stern vetoes and stiff stands on principles. Mr. Carter apparently agrees; he said recently that he had been "too lenient" and "should have vetoed" last year's money bill—just as he plans to veto the one now coming along.

We see the problem differently. Far from yielding too much to politics, Mr. Carter has not been consistently political enough. Tending to oppose many proj-

ects as "pork barrel," he and some of his advisers have been slow to understand the viewpoint and ferocity of the regional and institutional forces they have taken on—or the way public-works hassles can affect all other dealings on Capitol Hill. We think it was prudent to make some accommodations last year, after the first clumsy assault on those projects had caused such an unholy row on the Hill and in the West. The real error was in assuming that the truces would last, that projects once shelved would stay on the shelf, and that entrenched congressional attitudes could be transformed by sending up some better ideas.

By now, Mr. Carter should have a better sense of what he is up against—and what kind of toughness can accomplish most. Some vetoes and stern speeches will probably be in order, starting with the public-works appropriations bill. But to have those vetoes sustained, and to defuse other confrontations, holding the high ground of environmental protection and economic prudence will not be enough. More hard-headed dealing will also be required. We hope this can be done with more finesse than in the past. We also hope the administration will get over the idea that this kind of politicking is somehow shabby, demeaning or inconsistent with its commitment to change. After all, when you're talking about public works, you ought to use the language that every member of Congress understands.

That watery 'pork barrel'

Back in June when President Carter's national water policy was unveiled, he received deserved accolades from people concerned about conserving water and protecting the environment. It seemed then that the President was leading us into a new era of sensible spending on water projects, long a favorite "pork barrel" item of congressmen.

Well, it's scarcely three months later, and the water program which was greeted with such fanfare has been all but washed away in a sea of changes initiated on Capitol Hill.

We won't bore you with all the details, but there are some items worth noting:

—A House-Senate conference committee has agreed on a \$10.1 billion public works appropriations bill that includes a number of the dam projects the President thought he had killed in his first water scrap with Congress last year.

—Certain congressional bills would do away with the agency Mr. Carter wanted to oversee a new national water policy, but would that really save taxpayers' money? Not really, it appears, since the bills call for hiring 2,300 bureaucrats to oversee traditional projects.

—Key elements of the Carter policy would have state and local governments and users paying more, and the Federal Government less, of the cost of water projects as an incentive toward conser-

vation. Also the Carter proposal would have tightened the rules for cost-benefit studies to determine which projects were justified. Congressional bills would reverse both of those objectives.

Presidential vetoes of the congressional water bills will probably occur after Labor Day, but some observers believe that's all part of congressional strategy anyway. These observers think congressmen still expect to win a number of their points — and consequently votes from the folks in their districts — in post-veto compromises. The congressional bills, of course, make room for a lot of new water projects that would be disallowed under the President's policies.

We're pleased that Delaware County's Congressman Robert Edgar, a Democrat, spoke against one of these congressional water project authorization bills at the time of final passage before the House Public Works Committee. Mr. Edgar was one of only two out of 44 committee members who felt strongly enough to speak out against the bill at that point. *(Congressional water bill changes)*

We hope Jimmy Carter demonstrates that kind of dedication to his own principles when these water bills come across his desk. We hope he vetoes them and then holds firm in trying to persuade Congress to steer the nation toward a more sensible water policy.

Water Policy Shredding

PRESIDENT Carter is getting an expensive lesson in pork barrel politics.

In a series of votes in the weeks before recess, the Congress has left in shreds the national water policy that the White House sent to the Hill earlier this year.

House and Senate conferees agreed on a \$10.1 billion public works appropriations bill that includes a number of dams that the president thought he killed in his first fight over water.

Mr. Carter wanted to make state and local governments and users pay more of the cost of water projects. In separate authorization bills the two houses are doing just the opposite.

The president wanted to tighten the rules for the cost-benefit studies which would gauge whether projects are needed or not. The Congress has deemed not to go along.

In terms of overall damage to the president's water policy, various bills increase, rather than decrease, the federal share on dredging projects; waive negative benefit-cost ratios in some cases; authorize projects not

even studied by the Corps of Engineers and derail the idea of requiring the states to share in the cost.

Public works projects tend to be the tangible evidence that senators and representatives point out when asked by the home folks, "What have you done for us lately?"

Some of these are necessary and even vital to states and regions involved. And a project in Utah is not likely to win approval unless projects in Michigan or Georgia or elsewhere are given consideration. That is the federal pork barrel way of doing things.

Mr. Carter thought he could take on the pork barrel and the Congress and that public revulsion over increased federal spending would support his view and position.

But the Congress has chosen confrontation, and the issue is simply whether the legislative or the executive is going to decide on water projects.

And Mr. Carter will have to decide whether to veto the actions of the Congress and, if he does, whether the vetoes will stick. Either way is going to be costly for him.

A challenge to the President

It's been suggested in some quarters that President Carter's new resolve to veto unacceptable congressional legislation is all part of a public relations gambit designed to bolster his popularity. But there would be nothing but substance involved in a presidential decision to veto the public works authorization and appropriation bills now being crafted in Congress.

Together they would decimate the laudible national water policy Carter proposed in June, aimed at trimming at least some of the pork in the Congressional barrel.

Carter's policy was hardly revolutionary; it failed to go as far as most environmentalists wanted. Yet, it did call for the first time for a more rational weighing of the costs and benefits of massive federal water projects; it did require that states and localities benefiting from such projects undertake serious efforts to conserve the water they produce; it did suggest that projects particularly desired by states have a modest state contribution to their construction costs.

At a time in which the public is clamoring for

more efficiency in government, these proposals seemed especially sensible. So what has Congress done?

Well, it has moved to approve a \$10.1 billion bill that contains many water projects that fail Carter's modest standards, or that have not even been judged by them. For some projects, it has specifically waived the cost-sharing provisions usually included. House and Senate versions of the authorization bills contain 120 new projects, including many that have not been reviewed at all by the Corps of Engineers. Even the old and outmoded cost-benefit analyses that have traditionally been required have been ignored in some cases.

Most of the projects are in the West. And it is often said that easterners just don't understand that region's water problems. Maybe so. But certainly the whole country understands the need now for rudimentary efficiency in government. Except apparently the members of Congress. They are clearly posing a direct challenge to the President's desire to set national policy. He should meet it.

Carter needs more help in dam fight

MICHIGAN'S Rep. David E. Bonior, D-Mt. Clemens, has earned applause from voters/taxpayers in and outside of his district for support he is giving President Carter in one of the toughest disputes Carter has gotten into with Congress.

Everyone who's angry about government's contributions to inflation, or who follows environmental issues with interest, should remember that Carter has made a major effort last year to stop traditional congressional pork-barreling with dams and other water projects.

Easically, Carter thought he had won congressional agreement to forget at least eight water projects of very dubious financial and environmental merit. He followed up this year with proposals for federal/state cost-sharing of future water projects, and for procedures to review future proposals from environmental and realistic economic standpoints.

During the past few weeks, Congress has almost totally wrecked Carter's efforts to put water-related "public" works planning on a relatively rational basis.

WHEN THE HOUSE approved a \$10.3 billion public works bill, Bonior complained that 45 per cent of the new projects it would support have not even been approved by the Army Corps of Engineers; 13 per cent alter or ignore cost-benefit measures of economic soundness; 12 per cent increase the federal share of project costs; and 3 per cent involve no state cost-sharing.

The only other congressman who stood up and voiced a complaint was Rep. Robert W. Edgar, D-Pa.

Earlier, before the final House vote on its public works bill, Edgar tried, at Carter's request, to win support for an amendment to delete the eight projects supposedly killed last year. "It is with a little bit of fear and trembling that I stand

before the House today," Edgar said when making that effort. "I ask to remove eight sacred cows from the House public works appropriation. It simply isn't done." He was right; his amendment lost by 142-234.

This area's Congressmen, Rep. Carl D. Pursell, R-Plymouth and Rep. Bob Carr,

D-East Lansing, to their credit, both voted for Edgar's unsuccessful amendment and against passage of the House public works bill.

The Senate's \$10.1 billion public works bill, which features a plan to enlarge the federal bureaucracy by 2,300, mainly for the Army engineers, plus six of the supposedly dead water projects, drew "yes" votes from both Sen. Donald W. Riegle and Sen. Robert P. Griffin.

Since those votes, a \$10.1 billion public works bill (officially known as an energy and water development bill), containing little the President sought and much he opposed, has been approved by Senate/House conferees and by the Senate.

The House will vote on it in a few days.

DECEIVINGLY, this amount is \$916 million less than Carter requested. Congress accomplished this sleight of hand by ignoring 26 new water projects Carter does want, while including those he doesn't want. Further, Congress applied its customary technique of providing only first-year funding for new water projects. Carter wanted an honest bill that would reflect full costs to the federal government.

If Carter means what he's been saying lately about pork-barreling on water projects, he will veto this mess. To prevent his veto from being overridden in Congress, he will need a lot more support there of the sort Bonior and Edgar have voiced. But it won't be heard unless members of Congress hear more from voters/taxpayers who support Carter on this issue.

Water on the brain

Early in his administration, President Carter posted a "hit list" of 18 water projects he considered economically and ecologically unsound. Congress didn't like that, and neither did the affected states. Lawmakers depend on such pork-barrel projects to ingratiate themselves with voters, and state officials regard water planning and allocation as strictly state prerogatives — even though it is the federal government that pays the construction bills.

Mr. Carter tried again last spring, with a modest program to curb construction that seemed wasteful, harmful to the environment, or beneficial to only a few. (A \$45-million dredging project at Gulfport, Miss., for example, is described as mostly benefiting E. I. DuPont de Nemours & Co., which is building a plant there.)

The administration wanted states to contribute a portion of construction costs, as proof that the projects were more than make-work boondoggles; it sought priority for projects whose environmental effects had been carefully studied and prepared for; it wanted more rational analysis of the ratio between

costs and benefits; and it insisted on conservation of water — an increasingly precious resource.

The Carter package would have modestly augmented the federal role in water-supply planning — as well as in flood control, irrigation, and hydroelectric power. In view of the sharpening of interstate battles in the water-short West, there is no question that some federal intervention makes sense.

But Congress wasn't having any of that. Just before its Labor Day recess, Congress went further than simply rejecting Mr. Carter's program. It turned the program inside out. House and Senate conferees agreed on more than \$10 billion in projects, including many from the 1977 hit list. The legislation as it now stands would strengthen, rather than diminish, state control of water-supply planning, while decreasing the fiscal responsibilities of states and local users.

Mr. Carter's threat of a veto seems justified. Congress gives the strong impression of playing preelection politics with water policy. The lawmakers should start over, preferably around mid-November.

'Tightest Budget of the Decade'

While the nation awaits Phase II in the President's struggle against inflation, it would be well to keep an eye on budget battles present and prospective. Phase II, with its expected emphasis on voluntary numerical limits on wage and price increases, may not be much more successful than the more general program of restraint announced last April. But if anything is to be done about inflation, "the tightest budget of the decade" will have to lead the way. This is the description of next January's budget that Mr. Carter's revenue specialists are offering. Having cut the deficit from \$49 billion in fiscal 1978 to \$43 billion in fiscal 1979, their goal is a deficit as low as \$30 billion for fiscal 1980.

The goal assumes an extraordinary clampdown on government spending, an assumption that puts into better perspective a series of fiscal 1979 budget skirmishes now being fought.

The most publicized skirmish grows out of President Carter's successful veto of a defense bill containing an unrequested \$1.9 billion for a giant nuclear aircraft carrier. House and Senate Armed Services committees have responded by spurning administration requests for replacement items costing about the same. But this is posturing. The committees can be expected to spend this money through a supplemental appropriation in October. If they were

to put it off till next year, they would run the danger of getting caught in the austerity coils of the next budget even though defense spending will grow 3 per cent in "real" terms.

Since taxpayers cannot look to the Pentagon for "the tightest budget of the decade," the decisive fiscal battles will have to be fought elsewhere. Therefore, there is a special significance in current skirmishes over two different sectors of government spending that go under the rubric of "public works."

One is the water projects porkbarrel, the other the President's expanded urban program to provide jobs for the hard-core unemployed. The porkbarrel richly deserves to be vetoed, and not only because it is loaded with boondoggles that flunk even the lowest cost/benefit ratio standards. It also would commit the government to future-year spending that would make a shambles of future budgets.

The President, ~~in contrast~~, is on the side of the spenders in the squabble between the House Budget Committee, which wants \$1 billion in jobs-intensive construction projects, and the Senate Budget Committee, which does not. Much as we sympathize with the President's desire to attack hard-core unemployment, there are less costly ways of doing it. He should let the Senate prevail, lest his image as a budget-cutting inflation fighter be tarnished.

Month of painful decisions due in Congress

Congress, which returned to work yesterday, has a month in which to avoid a "do-nothing" reputation. Under the prodding of a President whose own reputation will look even worse unless he can command some crucial votes, the legislators may buckle down and make some painful decisions. The Democratic leadership needs those decisions to bolster its own record.

What will redeem the Congress in this second year of the Carter administration? Most of all, passage of the bills that make up the administration energy program. Congressional deadlock may reflect the split of the whole country over measures that should be taken to prepare for dwindling oil reserves. But Congress is the institution supposed to resolve deadlocks.

Mr. Carter is applying pressure for acceptance of the compromise on natural gas deregulation, which has been the chief bone in the legislative throat. That will free a large part of the energy "package" even though the Senate may keep the wellhead tax bottled up.

If the measures on which the administration pins its hopes fail to reduce the consumption of oil, then the ripples of oil impact will further engulf the sinking dollar. Europeans, at least, are basing their judgment of the administration on its ability to achieve conservation goals it once urged on everyone else.

An even tougher fight looms over the tax reduction bill, already passed by the House, with a \$16.3 billion price tag. Mr. Carter is unhappy with cuts that seem to favor the rich. But the most important aspect is relief on capital gains — or faster depreciation for

new plant — to stimulate investment in job-creating facilities.

If the President wins enough support to sustain his veto of a \$2 billion nuclear-powered aircraft carrier, he must still redesign the defense appropriation bill to assure passage. He may be helped in his Civil Service Reform bill by scandals in the GSA, which accent the difficulties in getting rid of dishonest or unproductive workers.

More vetoes should be exercised on bills like the college tuition tax credit and the public works bill that includes unnecessary dams and water projects. Vetoes in the right places may help redeem Jimmy Carter's reputation; and they may not necessarily hamper his relations with Congress, once members learn he can wield real presidential clout.)

Pork barrel time

Proposition 13 and its offspring are attempts to "send Washington a message," we are told.

Well, the message isn't being heard. (It's pork barrel time again, and our good legislators are in there lapping it up with impunity.) They will continue lapping it up until we oust a few incumbents for their votes on budget-busting bills. Unless we make them fear for their political lives, we will not be able to break the pernicious system by which Congress uses the public purse to ensure re-election of its members and please money-hungry constituents.

(A case in point is the \$10.4 billion public works appropriation bill that has passed both houses of Congress overwhelmingly. President Carter is almost certain to veto the bill. We hope he does. It deserves the biggest, reddest veto stamp available.)

Yet the veto may well be overridden because it takes on a traditional congressional sacred cow: pork-barrel public works projects. The bill contains something for nearly everyone. The benefits are so strategically spread out that it is almost certainly veto proof.

Why can Congress flout the president like this? Because WE, the constituents of Frank Church, James McClure, Steve Symms and George Hansen don't really support fiscal conservatism. We don't hold our senators and representatives accountable. They sit in the comfortable and clubby atmosphere of Washington, at an annual cost to the taxpayers of more than \$1 million per year per member, and support each others' pork-barrel projects so they can all be re-elected and continue the rotten, parasitic process. Yet on the major issues Congress remains constipated. Nothing happens.

In 1977, Carter proposed to eliminate funding for more than 30 water projects that could not meet legitimate environmental and economic criteria. He eventually pared the list to 19 projects in an effort to meet Congress halfway. Then he compromised even further. He agreed to accept 10 of the projects if he could get funding killed for the other nine.

Lo and behold, this year seven of the nine projects killed last year were suddenly revived by Congress. These seven don't meet Congress' own stated policy toward water projects, let alone Carter's more stringent requirements. The bill goes fur-

ther in its excesses. It mandates the hiring of 2,300 more federal employees, the bulk of them for the Army Corps of Engineers. This is fiscal restraint? This is the response to Proposition 13?

And where was the Idaho delegation during all of this, including the cost-conscious member who has promised to take a bite out of government, the one so proud of helping do in the new Senate office building? In both 1977 and 1978, all four members of the Idaho delegation voted in every instance against the president's attempts to hold back public works spending. Not once in more than half a dozen votes did a member of the Idaho delegation support efforts to cut back on the pork-barrel projects.

There is more than just this bill at stake. It is a symbolic fight. Traditionally, Congress has controlled public works projects. Now, Carter says the projects should be subjected to more objective analysis by the administration. Congress is resisting because the pork barrel is such a nice way to get re-elected.

Peter H. Kostmayer, D-Pa., surely spoke the truth last year when he said, "I believe someone has to cut. I do not think that the Congress often enough has the courage to cut in our collective greed."

Congressmen do not have the courage because we don't make them have the courage. We are the problem. We accept the system because once in a while a few of the crumbs fall in Idaho's direction. Help put a stop to this entire wasteful process. Carter probably will veto this bill. Support him in that course of action. Make this the first time in history that a public works bill has ever been successfully vetoed. Put your congressman and senators on notice that if they vote to override the veto, they do so at serious risk to their political lives.

A 'pork barrel' to dump

Ready to help irrigate a lot of fruit farms in Colorado — at \$1.4 million each? Do you feel better knowing that each farmer's share is just \$71,000 — with interest-free U.S. loans available?

How about helping with an additional \$200 million in taxes to pay and provide side benefits for 2,300 more federal employees? Congress insists the U.S. Army Corps of Engineers and the Department of Interior hire them to work on billions of dollars in public works projects that lack economic and environmental justification. Army and Interior say they don't need the extras.

Does it upset you that Congress is demanding that billions of tax dollars be spent on a water diversion project in California although the federal courts have directed that no work be done on it?

As bizarre as all this may sound, it will happen unless President Carter vetoes a public works bill that Congress is now polishing into final form to dump on his desk. Congress is sure it has Mr. Carter on the run. It figures it can make him swallow his pledge and accept this example of "pork barreling" at its worst.

The questionable projects Congress has stuffed into this public works bill will



cost about \$2 billion, although this amount doesn't show in the legislation. The price tag affixed by Congress is a "token" \$103 million, a mere down payment. Congress has for generations gotten dubious projects through with this device. The congressmen involved plead for support from their colleagues, explaining that very little money is involved. After a few years of this, they switch and argue that the Federal Government now has so much invested in their pet project that it would be wasteful

to drop it. During the passage of one West Coast water supply project through Congress its cost went from a "token" \$7 million to an actual figure in excess of \$200 million.

Most of the "pork barrel" projects in the new legislation were initially challenged by the Water Resources Council, an agency created by President Carter to screen projects as part of his unprecedented public works reform effort. The finding was that these challenged projects should be paid for — if at all — by private individuals or by state or local governments.

Congress's response to this challenge to its traditional "pork barreling" is to move to eliminate the Water Resources Council by deleting its appropriation from the public works legislation. Here is a display of arrogance that, of itself, merits the President's veto.

So we hope Mr. Carter does veto this bill. It is wasteful. It is, as we said, a raw showing of political arrogance on the part of Congress. We also hope that, when the time comes, you will tell your representatives in Washington that this is a bad piece of legislation — and that President Carter's veto should stick.

Administration's Objections to the
Energy and Water Development Appropriations
for 1979 - H.R. 12928

• Administration's Objection:

The bill restores funding for six water projects halted last year in a compromise between the Congress and the Administration.

• Committee View:

1. The Conference report (H. 95-507) accompanying the 1978 appropriation bill provided on page 37:

"The conferees are agreed that the Congress retains the right to select water resource projects for funding.

"All authorized water resource projects will be considered on their merits and each and every authorized project will be considered by the committees in the deliberations on the 1979 appropriation bill.

"The elimination of funding for certain ongoing projects and the issue of no new construction starts is a policy applied only to the 1978 appropriation."

This text was read to a representative of the President prior to the conferees signing the Conference report, who voiced no objection.

2. Bayou Bodcau and tributaries, Louisiana, is one of the projects the Administration is referring to. This project was not halted last year, \$1,200,000 was included in the 1978 bill for this project.
3. The Narrows Unit, Colorado, was restudied during fiscal year 1978 as agreed by the Congress and the President. The study presented to the Committee and the testimony of the Commissioner of the Bureau of Reclamation before the Committee indicates that the project should proceed. The Administration decided to oppose this project on July 21, 1978, after the House had passed the bill.
4. Yatesville Lake, Kentucky, was not funded in the 1978 appropriation. However, due to the testimony presented to the Committee by Members of Congress and those residing in the area in strong support of the project and after reviewing the project data, the Committee felt that this was a very worthy project and included funding to continue construction in 1979.

5. The three other projects objected to are Fruitland Mesa, Colorado; Savory-Pot Hook, Colorado; and Lukfata, Oklahoma. These projects were not funded in fiscal year 1978. However, after receiving testimony from members of the Colorado congressional delegation, the Governor of Colorado, and Oklahoma Congressmen, the Committee feels strongly that these projects should be restudied in view of water needs of the states. If after these studies are concluded the projects prove to be unacceptable, they will not be funded for construction.
6. Of the original 18 projects on the "HIT LIST" in 1978, in the 1979 appropriation bill 6 are not funded, 4 are to be studied, and 8 are funded for construction.

- Administration Objection:

The bill funds excess new water project construction starts.

- Committee View:

1. The President recommended 18 new construction starts and 8 new loans. The Congress approved 45 new construction starts and the 8 new loans. Therefore, 27 new construction starts added by the Congress are viewed as excessive by the Administration.
2. No new construction starts were included in the 1978 appropriation. A total of 69 projects will be completed in 1978 and 1979. This means that 24 more projects will be completed than started in 1978 and 1979.
3. The Administration argues that their proposed construction starts were selected on the basis of economic soundness, readiness for construction, environmental quality, public benefit and budget limitations. They further argue that many of the 27 projects added by Congress are not fully planned, are excessively expensive, are not economically sound, cause unnecessary environmental damage or are very low priority investments.

The 27 projects added by Congress were selected using generally the same or more stringent criteria than that proposed by the Administration. For example: The 18 projects recommended by the Administration are not all fully planned, 1 of the 18 projects has a benefit-to-cost ratio of only 1.09 to 1, 1 is not fully authorized and several need some legislative action by Congress to enable construction to proceed, a couple even have unresolved environmental issues.

The 27 projects added by Congress are in many respects better projects than those 18 proposed by the Administration.

• Administration Objections:

1. The bill appropriates funds to accelerate schedules for certain ongoing projects, disrupting planning and allocation of resources.

and

2. The bill rejects the full funding approach for new water projects, disguising their true total cost.

• Committee View:

1. The Congress did accelerate funding for some projects, while the President's budget proposed stretching out 46 construction projects for up to 3 years through funding constraints, at the current inflation rate this would add substantially to the cost of these projects. Project benefits will be available only upon project completion.
2. One of the arguments presented by the Administration for the full funding concept is that "Full funding gives more certainty that projects will proceed on optimum schedule, since their full costs are considered at the outset."

The Administration's objections listed above are therefore contradictory. Is full funding to be provided so the Administration can slow the construction rate or to accelerate projects? The Committee believes that giving control of the rate projects are to proceed to an unelected bureaucrat at the Office of Management and Budget is not sound policy. This is demonstrated by the fact that 46 projects were proposed to be slowed in the 1979 Budget request.

3. The Congress must retain the right to determine the rate of completion for projects. The Committee holds extensive hearings each year to look into this area. The Committee must look at the annual expenditure rate of government activities to make its report to the Budget Committee. It must include the expenditure level in its report, accompanying the bill, to the House. We have expenditure targets and ceilings in the budget resolution for control.

4. The total costs of projects are reviewed extensively by the Committee, along with all of the other criteria, in selecting new project construction starts. These data are not hidden, they are available to all. The House rules require a display of the total outlays (expenditures) for the budget year and 4 succeeding years for the items contained in the bill so that we can see the effects of Committee action in dollars spent.

• Administration Objection:

The bill mandates hiring 2,300 additional Federal employees in excess of agency needs.

• Committee View:

1. For several years the Committee has agreed to reducing the Corps of Engineers and Bureau of Reclamation employment through better management techniques, contracting out certain functions that are more economically performed by the private sector, and cutting out the fat which may have existed in these agencies.

We continue to review the employment of all agencies for which we have jurisdiction annually.

2. If the Administration would review the employment in depth each year, giving minimal allowances for additional work assignments, the Committee would not feel it necessary to provide for additional positions. But, to say in our annual review of agency budget requests that the Congress should not look into the Federal employment of government agencies is to suggest that Congress should neither cut nor add funds related to personnel.
3. During recent years, Congress or the Administration has made additional assignments of workload to the agencies discussed.
 - a. Developing environmental impact statements
 - b. The section 404 permit program
 - c. The dam safety program
 - d. Supervision of waste water treatment facilities for EPA
 - e. Protection of visitors at recreational sites
 - f. Operation and maintenance of completed projects as they come on line
 - g. Corps work for foreign governments which drain the staff which have to be replaced with inexperienced staff.

Additional personnel have not been provided to carry out these functions. As a result, only about 70% of the Congressionally approved base program has been carried out by the Corps and the Bureau in recent years.

If the Administration's point is to kill the regular programs by applying artificially low employment ceilings, this should be made clear to the Congress.

If the Administration feels that Congress should not recommend employment levels, then they should recognize the legitimate need as additional functions are assigned.

• Administration Objection:

The bill abolishes the Water Resources Council by deleting all funding (\$1.3 million).

• Committee View:

1. The Water Resources Council was authorized 13 years ago. It has never adequately carried out the charter mandated by the Congress. Last year the President asked that it be extended one year to develop a new water resource program. That program was developed, but it was developed too late to be considered by the Congress for the 1979 budget cycle; it was developed several months later than promised to the Committee; and a formal transmittal to the authorizing committees and appropriation committees had not been made at the time the bill passed.
2. Again for 1979 the President asked for a one-year extension of the Council. The House did not provide for the extension in authorizing legislation. However, the Senate did continue the Council for one year and the conferees agreed to an extension of only one year. This action was agreed to in the Congress after action on the appropriation bill.
3. The House Appropriations Committee was not informed of the series of letters, signed by the President on July 12, 1978, to various agencies directing them to carry out certain assignments related to his proposed water policy, including proposed assignments to the Water Resources Council.
4. It is the Committee's view that the Council is but another layer of bureaucracy and the arguments presented to continue the Council run contrary to the arguments presented to limit the increase in positions for the Corps of Engineers and the Bureau of Reclamation who are expected to take on added tasks with an ever decreasing employment level arbitrarily imposed by OMB.

Conclusion

- The President Supports:

1. The bill's provisions for energy research and development funding.
2. \$2.5 billion in 1979 funding for water projects with total cost of \$35 billion, including 26 water project starts which will cost \$640 million.
3. The Committee action which permits final resolution of the breeder reactor issue in the context of the Department of Energy authorization.

- Committee View:

1. The President insists on his budget recommendation for water projects. He apparently will not recognize the role of Congress in developing the appropriation bill for the water projects.
2. While he approves the ongoing construction program and he indicates the total cost of it would be \$35 billion, he fails to point out that only \$18 billion is required to complete the ongoing construction program after 1979. About half the construction cost will have been expended.

1950's: Pres. Eisenhower recommended
full funding for water projects

the following exchange, taken from a Senate hearing some years ago on appropriations dealing with full funding:

GENERAL ITSCHNER [Corps of Engineers]. What I am proposing is: For construction projects we would come to you just once for a single appropriation.

If we needed more money later, if we could not do the job for the amount that we originally said we would require, then we would have to come before you to explain why, and obtain an additional appropriation.

But we would still appear before you every year anyway, both for the new starts and for operation and maintenance and any other expenses.

SENATOR X: Are you suggesting that a lump sum appropriation for a project such as John Day Dam, that cost how much?

GENERAL ITSCHNER: \$418 million or something like that.

SENATOR X: Talk about shouting pork barrel, you would really get it there I guess. That would make the initiation of a large project almost impossible.

GENERAL ITSCHNER: This is just a suggestion. I recognize that disadvantage.

SENATOR X: We would consider it a disadvantage.

GENERAL ITSCHNER: There are many disadvantages to it, but in the end I think it would save money. I recognize there are problems in doing it. But after the first year or two, after the system was put into effect, the overall bill should be no greater than it is now.

SENATOR X: I understand that, but without having studied the matter too deeply, I feel that the public reaction to a request for say a tenth or a fifth of the total cost of a project is bad enough, without going into this.

The first thing opponents of resource development would say is, "Look at the money that is being appropriated over the budget this year" when as a matter of fact, under the present system, if you were to provide funds to start the John Day Dam which would probably take six or seven years to build, you would provide only that amount of money required for the first year.

SENATOR Y: If we asked for the total amount we wouldn't get it.

SENATOR X: That is the point. I believe that it would be much more difficult to obtain the funds for new starts under that system than under the present method.

Impacted Aid

"Impacted aid" is the program under which the federal government provides assistance to school districts that have a significant number of students whose parents are federal employees. The program origi-

THE WHITE HOUSE
WASHINGTON

9/27/78

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ACTION

FYI

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE



HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

TOM BEVILL
FOURTH DISTRICT
ALABAMA

September 27, 1978

Dear Mr. President:

Thank you for the letter summarizing your objections to the Energy and Water Development Appropriations Bill for 1979 (H.R. 12928). I have reviewed the letter and the attachments in great detail. Since the House has already adopted the conference report on this Bill, there are only a couple of items the Congress could address at this late date.

I contacted Frank Moore and expressed my desire to review with you the objections as expressed in the letter. Unfortunately, Frank advised me that your schedule was full and we could not meet. At your direction, I am meeting with your representatives this morning.

Mr. President, it is unfortunate that communication between the Administration and the Congress has not been better this year. Perhaps a great deal of the confusion about this bill could have been eliminated.

Mr. President, it has always been the desire of my subcommittee to work with you in a reasonable way and in the best interest of our country, and we will continue to do so.

Very respectfully yours,


Tom Bevill, M. C.

TB;gf

The President
The White House
Washington, D. C.

9:35 p.m.

THE PRESIDENT AND MRS. CARTER'S
ATTENDANCE AT THE 1978 DEMOCRATIC GALA

Wednesday, September 27, 1978

Washington Hilton Hotel

Attire: Black Tie

9:35 pm

The President and Mrs. Carter board motorcade on South Grounds.

MOTORCADE DEPARTS South Grounds en route Washington Hilton Hotel.

(Driving time: 5 minutes)

9:40 pm

MOTORCADE ARRIVES Washington Hilton Hotel (Terrace Level).

PRESS POOL COVERAGE
CLOSED ARRIVAL

The President and Mrs. Carter proceed to holding room via elevator.

9:42 pm

The President and Mrs. Carter arrive holding room.

PERSONAL/STAFF TIME: 2 minutes

9:44 pm

The President and Mrs. Carter depart holding room en route offstage announcement area.

9:45 pm

The President and Mrs. Carter arrive offstage announcement area and pause.

Announcement of the President and Mrs. Carter by Vice President Mondale.

The President and Mrs. Carter proceed inside International Ballroom en route stage.

OPEN PRESS COVERAGE
ATTENDANCE: 1000

The President arrives stage and proceeds to podium.

NOTE: Mrs. Carter will be escorted to her table.

9:46 pm

Presidential remarks.

FULL PRESS COVERAGE

10:00 pm

Remarks conclude.

The President proceeds to Table #53.

The President arrives Table #53 and takes his seat for entertainment.

10:05 pm

Comedy Act by Monteith and Rand.

10:15 pm

Musical performance by Diana Ross.

10:55 pm

Entertainment concludes.

Thank you to guests by Chairman John White.

10:57 pm

The President and Mrs. Carter, escorted by John White, proceed to motorcade for boarding, greeting the crowd along the way.

11:25 pm

MOTORCADE DEPARTS Washington Hilton Hotel en route South Grounds.

(Driving time: 5 minutes)

11:30 pm

MOTORCADE ARRIVES South Grounds.

THE WHITE HOUSE
WASHINGTON

9/27/78

Tim Kraft

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

September 26, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: TIM KRAFT TK
SUBJECT: Ambassadorial Appointment to Tunisia

Attached is the background information on a career officer Secretary Vance recommends for nomination for Tunisia. Dr. Brzezinski concurs with this choice.

Stephen W. Bosworth --- Tunisia

☒ Approve

☐ Disapprove

J

OFFICIAL USE
ONLY

DEPUTY UNDER SECRETARY OF STATE
FOR MANAGEMENT
WASHINGTON

SEP 20 1978

September 19, 1978

MEMORANDUM TO: The Honorable
Tim Kraft
The White House

FROM: Ben H. Read *BHR*

SUBJECT: Ambassadorial Appointments

Secretary Vance has decided to recommend that a career officer should be nominated for the following country:

Tunisia

Stephen W. Bosworth

Biographic information is attached. We will begin the various clearance procedures upon receiving the President's approval.

Attachment:

As stated.

OFFICIAL USE
ONLY

CANDIDATE FOR TUNISIA

NAME: Stephen W. Bosworth

AGE: 38

AREAS OF EXPERIENCE: Latin America, Europe

COUNTRIES OF EXPERIENCE: Panama, Spain, France

FOREIGN LANGUAGES: Spanish, French

RANK: Foreign Service Officer of Class I

EDUCATION: AB, Dartmouth College, 1961
nd, Florida State University, 1963
nd, George Washington University, 1967

PROFESSIONAL EXPERIENCE:

1976 - present	Deputy Assistant Secretary of State for Economic and Business Affairs
1974 - 1976	Office Director for Fuels and Energy, Bureau of Economic and Business Affairs
1973 - 1974	Detached, Continental Illinois National Bank
1971 - 1973	Economic/Commercial Officer, Paris
1967 - 1971	Economic/Commercial Officer, Madrid
1964 - 1967	Country Officer, Bureau of Inter-American Affairs
1964	Economic Officer, Panama
1963 - 1964	Principal Officer, Colon
1962 - 1963	International Relations Officer, Panama

Still 38 years of age, the youngest Class I officer in the Foreign Service and a Deputy Assistant Secretary in the Bureau of Economic and Business Affairs, Bosworth is one of the most outstanding officers in the Service. He has proven his skills as an observer, analyst and reporter. The leadership and negotiating talents demonstrated in the formulation and execution of U.S. policies on energy and on the North-South dialogue, and as head of a U.S. delegation and co-chairman of the participating industrialized countries in the Energy Commission of the Conference on International Economic Cooperation, qualify him well for difficult and sensitive executive positions. At this time in his extraordinarily promising career he is a natural candidate for chief of mission in a volatile country like Tunisia where political stability and economic growth are intertwined.

THE WHITE HOUSE
WASHINGTON

9/27/78

Jim McIntyre

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MEMORANDUM FOR:

THE PRESIDENT

FROM:

James T. McIntyre, Jr.

SUBJECT:

Eleventh 1978 Special Message under
the Impoundment Control Act of 1974

The eleventh 1978 special message to the Congress under the Impoundment Control Act of 1974 is attached for your signature.

This message contains a single rescission proposal of \$10.8 million in annual funds for the Department of Labor's program for Community Service Employment for Older Americans. This program provides part-time work opportunities, generally at the minimum wage, for low-income persons over the age of 55. These funds, which are part of a \$21.3 million appropriation included in the Second Supplemental Appropriations Act, 1978, are being recommended for rescission because they will not be needed to accomplish the purposes for which they were appropriated.

The \$21.3 million in supplemental funds was intended to cover only the costs of statutory increases in the minimum wage from the date of passage of the Supplemental to June 30, 1979. However, with the delay in congressional action to provide the funds, only \$10.5 million is now needed. Obligation of the excess amount would increase the program above the level of 47,500 enrollees which was cited in the House and Senate Appropriations Committees' reports as the approved program level, and was the basis for your FY 1979 budget request. If the excess funds were used--as the recipient groups recommend--the higher program level would increase spending in 1979, 1980, and the out-years.

TWO SIGNATURES REQUESTED

The Impoundment Control Act of 1974 intends that the Congress shall have 45 days of continuous session in which to consider a rescission proposal and provides authority to you to withhold the associated funds during the 45-day period. Because of this intention, rescission proposals of funds which lapse at the end of the fiscal year are not usually transmitted when less than 45 days remain in the fiscal year. However, since these funds are in excess of the amount needed to finance the minimum wage increases of the planned (and congressionally-approved) program level, a reserve for savings in the amount of \$10.8 million has been established and should be reported to the Congress as a rescission proposal.

Because the reserve will preclude obligation of the funds until their availability ends, the General Accounting Office may be critical of this action. However, the programmatic basis for the reserve as discussed above, makes it appropriate despite possible criticism.

Analysis of Budget Costs

If you transmit this rescission proposal to the Congress, the planned--and congressionally-intended--program level will be maintained. If you do not transmit this proposal and if the funds are released for obligation, additional outlays of \$10.8 million in 1979 and comparable increases in 1980 and the out-years would result.

Agency and White House Views

The Department of Labor, the Congressional Liaison Staff, and the Domestic Policy Staff have not reported any objection to this item.

Recommendation

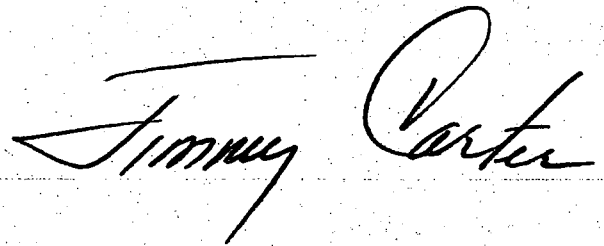
Because these funds will lapse on September 30, 1978, I recommend that the special message be transmitted to the Congress as soon as possible.

Attachment

TO THE CONGRESS OF THE UNITED STATES:

In accordance with the Impoundment Control Act of 1974, I herewith propose rescission of \$10.8 million in employment and training funds appropriated to the Department of Labor.

The details of the proposed rescission are contained in the attached report.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned on the right side of the page, below the main body of text.

THE WHITE HOUSE
WASHINGTON

9/27/78

Fran Voorde
Phil Wise

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Zbig Brzezinski

~~CONFIDENTIAL~~

4863

DECLASSIFIED
Per, Rac Project
ESDN; NLC-14C-141-28-1-5
BY 125 NARA DATE 6/4/13

MEMORANDUM

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

sh
J

September 26, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *B.*
SUBJECT: Appointment with Tom Watson

I understand that an appointment with you is being considered for Tom Watson, head of the ACDA General Advisory Committee. I recommend that you agree to see Tom. As we look toward completion of SALT and CTB in coming months, it will be important to have the cooperation and support of the General Advisory Committee and Watson in the ratification process.

Additionally, you should know that he will be carrying a unanimous recommendation from the Committee concerning MAP. Their view is that MAP will not solve the Minuteman vulnerability problem, will raise verification problems in SALT and prove politically unacceptable to the American public. This conclusion is an important development given the diversity of views in that group.

A brief meeting with Watson could pay important dividends in the SALT ratification process.

~~CONFIDENTIAL~~

DECLASSIFIED
Per: Rac Project
ESDN: NLC-176-14-28-1-5
BY *KS* NARA DATE *6/14/93*

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

9/27/78

Mr. President:

This is on your two-
weeker for wed. Oct. 11.

Phil

2:40 PM

THE WHITE HOUSE
WASHINGTON

PHOTO OPPORTUNITY WITH PAUL "ROBBIE" ROBINSON

Wednesday, September 27
2:40 p.m.
Oval Office

From: Frank Moore
Les Francis

F.M./L.F.
Les Francis

I. PURPOSE

A photo with the President.

II. PARTICIPANTS AND PRESS PLAN

A. Participants: The President
"Robbie" Robinson
Sadie Robinson (his wife)
Susan Robinson (his daughter)
Les Francis will accompany

B. Press Plan: White House photograph only

III. BACKGROUND

"Robbie" Robinson was one of your early supporters in California and worked full-time as a volunteer during the campaign. He introduced you at a large fundraiser in the Beverly Hilton Hotel on May 20, 1976. Though he is a retiree, he presently works full-time at the Los Angeles headquarters of the Democratic State Central Committee and is looking forward to helping the campaign in 1980.

Mr. Robinson wrote to Les Francis requesting a brief handshake with you while visiting in Washington. He will be accompanied by his wife, Sadie and his daughter, Susan.

~~3:15 PM~~
2:30

THE WHITE HOUSE

WASHINGTON

September 26, 1978

MEETING WITH SENATOR J. BENNETT JOHNSTON

Wednesday, September 27, 1978

~~2:30~~ 2:15 p.m. (15 minutes)

The Oval Office

From: Frank Moore *fm/pd*

I. PURPOSE

To give you an opportunity to explain to the Senator, personally, what his problems are with the public works appropriation bill.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Senator Johnston considers the public works bill to be his bill. It emerged from his Appropriations Subcommittee and he visualizes the many future opportunities to use the water bill to his own advantage in the Senate. He will consider a veto of this bill to be a personal affront and will fight it viciously and effectively.

The Senator's first blow has been a letter to you from 50 Senators urging that you not veto the bill. We believe that we have a chance to get as many as 10 of those Senators to oppose an override attempt, however.

Senator Byrd is likely to call up the conference report today (Wednesday afternoon). We have decided not to fight the conference report on the Senate floor. If Senate passage occurs today, you can expect the bill on your desk by Monday of next week at the latest, and possibly by tomorrow (Thursday) at the earliest.

- B. Participants: The President, Senator Johnston, Stu Eizenstat, Jim McIntyre, Frank Moore and Bob Thomson.
- C. Press: White House photo only.

III. TALKING POINTS

1. Six projects terminated after the difficult battle and compromise last year are reinstated in this bill. The Administration carefully studied these projects and although I agreed to let a number of other unsound projects proceed, I cannot accept the reinstatement of these six:

Yatesville (Kentucky)
Lukfata (Oklahoma)
Bayou Bodcau (Louisiana)
Narrows (Colorado)
Savery-Pot Hook (Colorado)
Fruitland Mesa (Colorado)

I cannot even accept "study" money for these projects. No amount of additional study will make these projects acceptable.

2. Although I proposed 26 new water projects, the bill not only funds these but includes 27 additional projects. The 27 include projects which have not been fully planned. Some have not met legal requirements; some are economically or environmentally unsound; some are low priorities we simply can't support in a tight year (recreational boat harbors, for example). In all, they cost \$1.2 billion more than our request for 26 projects.
3. The bill mandates the addition of 2,300 employees to the Corps of Engineers and Bureau of Reclamation. We can't hold back the growth of bureaucracy with such requirements.
4. The bill deletes funding for the Water Resources Council (only \$1.3 million). While I'm aware that the Water Resources Council has been criticized for inaction in the past, I've given them important new assignments to help assure consistency and coordination. This will help the water resource program, not hurt it.
5. The bill doesn't use the "full funding" approach for new starts. This is a businesslike procedure which is very important to me. I proposed 26 new starts this year by requesting their full cost, including inflation (\$604). Yet this bill funds 53 new projects costing \$1.8 billion with an appropriation of only \$104 million.
6. I'm not anti-water projects. I support ongoing construction on water projects costing a total of \$35 billion. My FY 1979 request for water projects is \$2.5 billion. I am the first President in four years to propose new water project starts. I compromised last year and accepted a number of projects I personally did not believe should be built.

7. Senator Johnston may talk about the support this bill enjoyed in the Senate. The bill passed 89 to 5 and the conference report will pass easily tomorrow. A good response to that is that we made our position known at every step of the way, but still we did not choose to engage in a divisive floor fight on this sensitive issue in the middle of a legislative session.
8. The Senator may claim he received inadequate notice of your problems with the bill. In fact, Stu Eizenstat and Jim McIntyre saw him personally prior to subcommittee mark-up, and McIntyre sent a number of letters expressing the Administration's concern at each step of the process. McIntyre will have copies of the letters at the meeting. More than that, however, your position on full funding, the six resurrected projects and excessive mandated hiring has been readily apparent for nearly a year.

ADDITIONAL INFORMATION

J. Bennett Johnston

Wife: Mary

Administration Support: 44.9%

Committees:

Committee on Appropriations (10)

Committee on the Budget (8)

Committee on Energy and Natural Resources (3)

THE WHITE HOUSE
WASHINGTON

September 25, 1978

*C -
Susan give
me a copy
Vice J*

MEMORANDUM FOR

THE PRESIDENT

FROM:

ANNE WEXLER
FRANK MOORE
STU EIZENSTAT *Stu*

SUBJECT:

Attached Memorandum and Fact
Sheet for Congressmen Wright
and Bevill

In your meeting with Congressmen Wright and Bevill, you indicated that we would supply them with a specific list of the Administration's objections to the bill. We believe that this information should be sent as a fact sheet with a cover letter from Frank Moore. Draft materials are attached.

There is one issue of potential concern in the Public Works Appropriations bill which is not addressed fully in the letters or fact sheet. This deals with the CRBR. We feel strongly that the letters and fact sheet should be sent as drafted, but wanted you to be aware of the potential problem posed by the bill.

Background

- The Public Works Appropriations bill provides funding for the CRBR, but Report language makes clear that these monies may be spent on such other projects or facilities as may be authorized in the Department of Energy Authorization bill.
- If the CRBR issue is resolved in the DOE Authorization bill along the lines discussed with Senator McClure, the CRBR may be discontinued, and funds directed to the conceptual design study and the breeder base program.
- We have long maintained that the Authorization bill, not the Appropriations bill, is the correct legislative vehicle for resolution of the CRBR issue. The Appropriations Committee action making this appropriation subject

to authorization is a good step forward in accomplishing this goal. (You will recall that last year, the appropriation for the CRBR was not subject to authorization, thereby nullifying your veto of the authorization bill.) As drafted the attached letter reflects Administration appreciation of this positive step.

There is however, a potential danger in this approach. If no Department of Energy Authorization bill is enacted this year, the Appropriation bill as it now stands would require continuing expenditures for the CRBR. That is, no authority to discontinue or terminate the CRBR would be expressly available, and funds would have to be spent on the project until such time as an Authorization bill could be enacted. The consequences of such a circumstance would be:

- Continuation of the current level of expenditures on the CRBR (about \$14 million per month). No construction activities would be required, however.
- A lower level of expenditures on the breeder base program than agreed to in discussions with Senator McClure.

If this contingency were to arise, the sentence in the attached letter to Bevill and Wright that the issue should be resolved in the context of the Authorization bill, would support continued legislative efforts next year. It would also permit you to press a legal case which we believe may be available to begin discontinuation of the CRBR, if it were to become clear that no DOE Authorization bill will be forthcoming next year.

We have discussed this matter carefully with Frank Moore's staff and DOE. Jim Free and Schlesinger feel strongly, and we agree, that raising the CRBR as an issue in the Public Works Appropriations bill will virtually guarantee an override of your veto. The Administration position on the CRBR has been extremely unpopular in the House, and raising it is highly likely to cost us the votes which will be needed to sustain a veto. Similarly, this action could jeopardize our chances for sustaining a veto in the Senate, although most of your legislative advisors feel that an override in the House will inevitably lead an override in the Senate (regardless of whether the CRBR issue is raised).

Since raising the CRBR issue can only hurt your position on both the CRBR and water projects, we are convinced that it should not be raised. The assertion that the CRBR should be resolved in the Authorization bill gives you the maximum protection we can reasonably expect if the DOE Authorization bill is not enacted this year.

✓

APPROVE

DISAPPROVE

Attachments

J

ADMINISTRATION'S CONCERNS ABOUT H. R. 12928

Summary

The President supports most of the items in the bill, including:

- the bill's provisions for energy research and development funding;
- \$2.5 billion in FY1979 funding for water projects with total costs of more than \$35 billion, including 26 new water project starts which will cost \$640 million.
- the Committee action which permits final resolution of the breeder reactor issue in the context of the Department of Energy Authorization bill.

Specific Objections

- The bill restores funding for six water projects halted last year in a compromise between the Congress and the Administration.
 - These unsound projects would cost more than \$580 million to complete.
 - Three are funded for "study" just to keep them alive. No further study is needed to determine they are unjustified investments.
 - Three are funded for construction.
 - All six projects have been exhaustively reviewed.
- The bill funds excess new water project construction starts:
 - The President proposed 26 new construction starts costing a total of \$640 million.
 - After extensive study and review of agency procedures, the President's water policy emphasized the need for consistent criteria to assure that sound projects are funded. The 26 new starts were selected on the basis of economic soundness, readiness for construction, environmental quality, public benefit and budget limitations.

- The bill funds 27 additional new construction starts costing a total of almost \$1.2 billion, making a total of 53 new projects costing more than \$1.8 billion.
- Many of the 27 added projects have not been fully planned, are excessively expensive, are not economically sound, cause unnecessary environmental damage or are very low priority investments.
- The bill appropriates funds to accelerate schedules for certain ongoing projects, disrupting planning and allocation of resources.
- The bill mandates hiring 2,300 additional Federal employees in excess of agency needs.
 - This is a 6% increase in personnel for the Corps of Engineers (civil functions) and a 6% increase for the Bureau of Reclamation (full-time permanent employees).
 - Hiring of unneeded personnel is expensive (over \$50 million per year for 2,300 new employees) and permanently increases the size of the bureaucracy.
- The bill abolishes the Water Resources Council by deleting all funding (\$1.3 million).
 - WRC is made up of all the agencies with water programs and is thus better suited than any single agency to coordinate water programs.
 - WRC has been given important new assignments to help implement the President's water policy, including the development of consistent water project planning requirements, reviewing project planning to facilitate selection of new projects and implementing grant programs for State water planning and conservation.
 - WRC is a vital link with States, funding State water planning programs.

-- A small investment in coordination can save much more by making the government's water programs more efficient and consistent.

• The bill rejects the full funding approach for new water projects, disguising their true total cost.

-- New construction starts are begun -- inextricably committing the Federal government to project completion -- on the basis of funding for only one year.

-- The President proposed appropriations of \$640 million to fully pay for 26 new water project starts.

-- This bill adds 27 more new projects with a cost to complete of almost \$1.2 billion.

-- But this bill provides only the first year's funding for all 53 projects -- appropriating only \$103 million. While the bill provides less funding this year than requested by the President, it actually triples the government's financial obligation.

-- Full funding gives more certainty that projects will proceed on optimum schedule, since their full costs are considered at the outset.

Dear Mr. Majority Leader:

The President has asked me to follow up on your meeting with him last Friday by providing you with a summary of the Administration's objections to the Public Works Appropriation bill. Our concerns are enumerated in the attached.

I would emphasize that the Administration supports the energy portions of H.R. 12928. We are also pleased that the Statement of Managers permits resolution of the Clinch River Breeder Reactor issue in the context of the Department of Energy Authorization legislation.

I hope the attached is helpful to you. If you have further questions, I would be happy to discuss them with you.

Sincerely yours,

Frank B. Moore
Assistant to the President
For Congressional Liaison

The Honorable James C. Wright, Jr.
Majority Leader
U.S. House of Representatives
Washington, D.C. 20515

Attachment

Septem

Dear Congressman Bevill:

The President has asked me to follow up on your meeting with him last Friday by providing you with a summary of the Administration's objections to the Public Works Appropriation bill. Our concerns are enumerated in the attached.

I would emphasize that the Administration supports the energy portions of H.R. 12928. We are also pleased that the Statement of Managers permits resolution of the Clinch River Breeder Reactor issue in the context of the Department of Energy Authorization legislation.

I hope the attached is helpful to you. If you have further questions, I would be happy to discuss them with you.

Sincerely yours,

Frank B. Moore
Assistant to the President
For Congressional Liaison

The Honorable Tom Bevill
U.S. House of Representatives
Washington, D.C. 20515

Attachment

THE WHITE HOUSE

WASHINGTON

September 26, 1978

PHOTO OPPORTUNITY AND HAND SHAKE
WITH DIANA ROSS AND FAMILY
AND MONTEITH AND RAND

The Oval Office
September 27, 1978

11:45A (10 mins)

From: Jerry Rafanoulis

I. PURPOSE.

To greet Diana Ross, her parents and her children, and Monteith and Rand, a new comedy team. Miss Ross and Monteith and Rand will be performing at the President's Dinner tonight.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN.

The participants will be:

Diana Ross - You met her at Warren Beatty's party in California during the campaign.

Mr. and Mrs. (Ernestine) John Jordan - Diana's parents. Mrs. Jordan is from Alabama and Mr. Jordan was born in Ben Hill County, Georgia.

Chudney, Rhonda and Tracee Silberstein - Diana's children.

Sheldon Berger - Miss Ross's manager

Mr. and Mrs. Jim Lipton - Jim produced the Inaugural Gala and you have met him on several occasions. He made the arrangements for Diana to be a part of the DNC dinner.

Suzanne Eckmann and John Monteith - Monteith and Rand, one of the hottest comedy acts in New York. They will also be performing at the dinner.

Malcolm Braveman - Manager for Monteith and Rand.

A White House photographer will be present.

THE WHITE HOUSE
WASHINGTON

9/27/78

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jim McIntyre
Frank Moore

THE WHITE HOUSE
WASHINGTON

9/26/78

Mr. President:

Comments from Jim McIntyre and Stu Eizenstat are attached.

Congressional Liaison agrees with Stu and Jim that you should defer a decision on meeting with the conferees at this time. CL comments that sustaining a veto on this issue may depend on our ability to drive a wedge between the highway lobby and the mass transit lobby.

Rick



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

September 13, 1978

*Sta -
Tell Brock I'll
help when he needs
me -*

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Highway/Transit Conference

Brock Adams

Summary

I am writing to ask for your personal involvement in the upcoming Highway/Transit Conference in an effort to bring our fight to a successful conclusion.

As you know, the Senate has passed our highway bill with few additions, but it now faces a complicated conference with an expensive House bill which we have fought. At our urging, the highway bill was for the first time merged with the mass transit authorization. Although the transit authorization levels exceed our recommendations, we can continue the fight over transit funding in the appropriations process where the Transportation Appropriations Subcommittees have to some extent been supportive of the Administration's budget. Most highway funds, however, are not subject to the appropriations process.

The veto may be your only alternative to striking a bargain with the Congress, and the Congress may not have sufficient time to restructure an acceptable bill. If the House continues to insist on inflationary spending levels and a veto becomes necessary, our side of the argument must be clearly understood by the public.

Calling the conferees to the Oval Office would demonstrate your personal interest in a program which is important to the economy of every state and would represent one last attempt to head off chaos.

Background

The great irony of the Surface Transportation fight is that we have heard so little of the historic package which has passed the Senate, while attention has been focused on a typically expensive House bill.

Senators Randolph and Bentsen have guided through a bill which closely parallels your recommendations. We worked successfully to avoid all but \$75 million in additional funding which was proposed on the Senate floor. The bill greatly improves the structure of the highway

program, and takes steps to achieve a substantial degree of coordination with urban and rural public transportation. The transit section of the package was sponsored by Senator Williams and largely agrees with your recommendations, but exceeds the Administration's authorization levels. The four year aggregate Senate authorization levels will probably exceed our initial recommendation by \$1.6 billion.

The House bill is a different story. While the Public Works Committee accepted some of your structural recommendations, it turned its back on your budget. We were, therefore, forced to fight as follows:

Public Works Committee. We first attempted to promote substantial budget cuts in Committee, but could raise no more than 7 votes for our amendments. Our argument for fiscal restraint was overcome by the Committee's traditional pride of authorship and careful use of "pork barrel" projects. That was buttressed this year by the friendship and sympathy felt for the House bill's chief sponsor, Congressman Jim Howard, who returned from a sick bed and a heart attack to lead full committee mark-up.

Ways and Means Committee. The next field of battle was the Ways and Means Committee which must approve the extension of the Highway Trust Fund before the authorization is sent to the House floor. Ordinarily, the extension is perfunctory, but this year with the assistance of Barber Conable and Sam Gibbons we worked to reduce authorization levels.

The highway portion of the Howard bill called for \$45.8 billion over 4 years in Highway Trust Fund-supported authorizations. During those same years, the income to the Trust Fund from taxes and interest would produce only \$33.8 billion. The Conable-Gibbons Amendment sought to limit annual highway expenditures to the amount brought in by receipts.

The amendment never passed because the House Public Works Committee agreed to offer an amendment reducing highway spending levels by \$5.6 billion over the 4 year period of the bill.

The House Floor. Congressman Howard's amendment on the floor reducing his 4 year highway and transit authorization will be as follows:

	<u>H.R. 11733</u>	<u>H.R. 11733 (in billions) With Howard Amendment</u>	<u>Difference</u>
Highway (and Highway Safety)	\$47.2	\$43.2	\$4.0
Transit	<u>18.5</u>	<u>17.0</u>	<u>1.5</u>
4 Year Total	\$65.7	\$60.2	\$5.5

With Congressman Giaimo, we are trying to determine the potential support for further cuts on the floor. We want to pursue every opportunity to cut the bill, but hope to avoid losing a budget amendment overwhelmingly -- thus giving support to the position of the House Conferees. If the Giaimo effort does not succeed, the following are the possible results in conference:

	<u>Administration</u>	<u>(in billions)</u>		<u>Possible</u>
		<u>House</u>	<u>Senate</u>	<u>Conference Range</u>
Highway (and Highway Safety)	\$32.7	\$43.2	\$33.6	\$33.1 - \$43.7
Transit	<u>14.4</u>	<u>17.0</u>	<u>15.7</u>	<u>15.3 - 17.4</u>
TOTAL	\$47.1	\$60.2	\$49.3	\$48.4 - \$61.1

Regarding the structure of the bill, the key questions relate to acceleration of Interstate completion, program flexibility, coordination between highways and transit, and the relative percentage of the federal-state match.

Benefits of Legislation. Although we have been forced into a position of outspoken opposition to the House bill, it must be noted that passage of Highway/Transit legislation could represent a substantial Administration victory:

1. It represents the first successful effort to enact a comprehensive highway and public transit bill at the same time. The constituencies of both would be merged in their support of what will ultimately become one coordinated program for surface transportation.
2. The legislation enacts broad structural changes in the Highway Program including:
 - accelerating completion of the Interstate System,
 - a new emphasis on rehabilitation,
 - a new sensitivity to urban problems, and
 - a greater flexibility and program consolidation to provide more discretion to local officials.

Passage of these and other changes embodied in the bill initiated by the Carter Administration could represent one of the most important legislative accomplishments in surface transportation since approval of the Interstate Program in 1956.

Practical Effects of a Presidential Veto. The Highway Program affects every state. If no new highway authorization is enacted by October 1, twenty-one states will have no funds available to support the Interstate Program, thirty-three states will have no primary program funds available, twenty-nine states will have used all of their funds in the Secondary Program, and eleven states will be out

of funds from the Urban Program. Worst case estimates indicate that up to 100,000 direct construction jobs would be lost, and 145,000 jobs would be lost indirectly, until a new bill is enacted in the next Congress. There are methods to mitigate the negative impact of not having a bill, and you should not be put in the position of either signing an inflationary bill or creating a period of massive unemployment.

A partial solution would be a continuing resolution maintaining the highway program at its current \$7.3 billion level. While a continuing resolution is possible as a stop gap measure, none was enacted in 1972 when no conference report was agreed to, and the timing this year makes the possibility of passing such a resolution unlikely.

Scenario for Compromise. In the Senate, we have taken great pains to work cooperatively with the leadership of the Committees handling this legislation. We successfully worked to keep the highway levels within the acceptable range. We lobbied the Banking Committee for reduced levels which resulted in a \$1.4 billion reduction in transit authorizations. As noted previously, the Administration engineered the first significant reduction in funding levels of a House Highway Bill in recent memory, when Rep. Howard voluntarily agreed to cut 7% from both highway and transit levels.

Realizing these reductions are not sufficient, we are still working to reduce levels to those recommended by the Administration. We have prepared the material on and are supporting the Morgan Amendment, which would reduce Senate transit levels by another billion dollars. We may have also convinced Budget Committee Chairman Giaimo to reduce the House highway levels by offering an amendment on the floor. While these amendments may not reduce the legislation to the Administration levels, they should be supported.

These efforts, combined with our work with the Committees in conference and the threat of a veto, could hold the funding levels down. However, the conference could very well get stalled over these levels, and the majority of the conferees may still favor authorizations which are unacceptable to the Administration. There is also a strong possibility that reductions in funding will be traded for concessions in structural reforms.

Presidential Involvement. The Administration must make its case that current proposals are not acceptable and will have to take an active role to achieve acceptable funding levels. Some dramatic move, at the appropriate point during the conference, will be necessary if an acceptable outcome is to be reached.

The conferees are already asking us to give them the maximum figure which you would approve. An Oval Office meeting with the key conferees at the appropriate time could facilitate agreement on levels which are

acceptable. We would lay out the situation from our point-of-view and indicate what you will be willing to sign, and more importantly, the fact that it would be a non-negotiable upper limit.

In preparation for such a meeting, DOT is surveying the states to determine the amount of highway funds that will be obligated in 1978 and the maximum amount that could reasonably be obligated in 1979. We anticipate that these numbers will be considerably lower than the figures in the House bill. We could use these surveys to press our case that highway authorizations should be limited, and that increased levels would only inflate construction costs. On the transit side, we are developing an analysis to demonstrate that funding levels close to those recommended by the Administration could effectively maintain and expand existing services. This analysis could be used in a manner similar to the highway survey.

Based upon this data, you would present the maximum acceptable figures. This critical White House meeting should be held since:

- it would be the most effective method for having the conference produce a bill you could sign,
- it would demonstrate that you have a strong interest in working with the conferees to produce a bill,
- it would place the Administration in the most favorable posture if the conference fails; the public must understand that you made your best effort, given the actual spending capacities of the states, the inflationary impact of the bill, and your concern about any adverse impact on jobs.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 19 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. *JTM*

SUBJECT: Secretary Adams Memorandum on the Highway/
Transit Conference

In response to Secretary Adams September 13 memorandum, we recommend that you defer a decision on whether to meet with House and Senate conferees on the highway and transit bill, and we recommend that the Administration support a 70% Federal highway matching share. Details are below.

Your Involvement with the Conference Committee

We anticipate that both House and Senate will complete floor action on their respective versions of the highway and transit bill late this week. The Administration is supporting amendments in both bodies which would lower authorizations. The table below shows the consequences of these amendments on average yearly authorizations over the four year period (1979-1982). Of course, not all the authorization increases will subsequently receive appropriations.

	(Dollars in billions)		
	Admin. Request	<u>Increases Over</u> <u>House</u>	<u>Request</u> <u>Senate</u>
Bill without amendments	11.8	+3.5*	+1.4
Bill with amendments	11.8	+1.5	+0.9

* Adjusted to reflect funding reductions which House Subcommittee Chairman Jim Howard will offer on House Floor.

The single most significant amendment to be proposed is the Giaimo Amendment, which would reduce highway trust fund authorizations by about \$1.3 billion annually.

For the following reasons, OMB believes that it would be premature for you to decide at this time to meet with House and Senate conferees:

- . The Administration's first line of defense is the House and Senate floor amendments. Nothing should distract from these efforts to reduce the bill's authorizations.
- . If the Giaimo Amendment and other amendments are enacted, there is a good chance that the conference committee will

report out a bill which you will be willing to sign. Your personal intervention with the conferees may be needed to rectify policy problems, but we will not know that until later.* Conversely, if the Giaimo Amendment fails, the budget exposure would simply be too high to be resolved satisfactorily in conference. In that case, we believe it would be unwise to meet with the conferees because it would give the impression that you were likely to sign the bill.

- DOT's conference committee strategy is keyed to determining the level of highway funds which states believe they could obligate in 1979. Based on a survey of the states, DOT would then have you use the numbers to leverage the conferees for authorizations which are lower than those in the House version of the bill. Similar past surveys of states have yielded greatly overoptimistic estimates of states abilities to obligate funds (actual obligations have underrun projections by about \$0.5 billion annually). We anticipate that states will report that they can obligate about \$9.0 billion in 1979--or \$1.2 billion over the Administration's request.

Effects of a Presidential Veto

We believe Secretary Adams paints an overly bleak picture of the consequences of a veto. Because of a recent upsurge in highway construction activity, there is little reason to believe that there will be sudden, massive layoffs of construction workers. Furthermore, there are a variety of legislative solutions which can carry the program forward until such time as a comprehensive bill is enacted.

Federal Matching Share for Highway Programs

As you will recall, the Administration proposed an increase in the non-Interstate highway match from 70% to 80% in order to establish a uniform funding ratio for both highway and transit programs. The House version of the bill goes even further than the Administration request by raising the Federal match ratio to 90-100% for selected highway programs (e.g. bridge construction, Appalachian highways). The Senate version retains the current 70% highway match.

We believe that the Administration should support the Senate version of the highway portion of the bill in conference committee -- including retention of the 70% highway match. DOT prefers supporting the House version on the highway match issue. A decision memorandum is attached which further explains this issue.

- * The House version contains serious policy problems--e.g., 68 narrow funding categories, entirely new forms of transportation grant assistance, protectionist trade provisions, one House veto of DOT regulations, and weakening of highway beauty laws.

Attachments

OMB DECISION MEMORANDUM

Federal Matching Share for Highway Programs

As you know, the Administration proposed an increase in the non-Interstate highway matching share from 70 percent to 80 percent. The House version of the bill goes even further than the Administration request by raising the Federal match to 80 percent for most highway programs and to 90 percent or 100 percent for selected highway programs (e.g., bridge construction). The intent of the House increases is to make it easier for states to obligate Federal highway funds. Conversely, the Senate version retains the existing 70 percent Federal match on the conviction that the states should continue to bear major financial responsibility for construction of Federal-aid highways.

For the following reasons, DOT believes that the Administration should continue to push for an 80 percent highway matching share:

- ° It would make the highway matching share (with the exception of a 90 percent match for Interstates) uniform with the existing 80 percent transit capital grant matching share, thereby providing the basis for more comprehensive consolidation of transportation grant programs.
- ° It would help to compensate for State highway revenue losses resulting from reduced gas consumption caused by existing and proposed energy legislation.
- ° It promotes rational and flexible decisionmaking at the local and State level by removing any bias based on the level of the Federal match from decisions as to what transportation projects should be pursued.
- ° It would not increase Federal highway costs because highway authorizations and obligation ceilings will continue to determine the level of the Government's budgetary exposure.

DOT's position is further discussed in the attached letter to OMB.

OMB believes that retention of a 70 percent Federal matching share is preferable, based on the following:

- ° Irrespective of highway authorizations and obligation ceilings, increasing the matching share would facilitate state utilization of Federal highway funds and thereby would tend to exert upward pressure on the highway budget. A recent survey of states conducted by DOT

indicates that the higher Federal match in the House bill could result in pressures for \$0.6 billion in additional highway obligations, compared with the Senate version of the bill.

- ° Increasing the highway matching share would establish a poor precedent for other Federal grant-in-aid programs.
- ° The Administration had originally supported the 80% match because it was part of a comprehensive restructuring. Now that the other portions of the restructuring have been dropped, there is no reason to support an increase in the matching share.
- ° Contrary to previous estimates, states have not suffered motor gasoline revenue losses (gas consumption is increasing by over 3 percent annually), and therefore the need for additional Federal assistance is not clear.
- ° Concurrence with the Senate's position on the highway match issue would be consistent with support which the Administration has given the overall Senate version of the highway bill.

In short, OMB believes that the price which would have to be paid for a higher highway matching share is not worth the questionable benefits to be received.

Decision

- ☐ 1) Retain a 70 percent Federal highway matching share, as provided in the Senate version of the bill (OMB recommendation).
- ☐ 2) Increase the Federal matching share to 80 percent, as originally proposed in the Administration's bill (DOT recommendation).



GENERAL COUNSEL

Letter Presenting DOT's Views
on the Matching Share Issue

OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

SEP 12 1978

~~SEP 19 1978~~

Honorable James T. McIntyre, Jr.
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. McIntyre:

The question of the appropriate Federal share of the cost of highway projects is among the many matters on which the Senate and House have diverged in their development of highway-transit legislation. The House, in this instance, is closer to the Administration bill, since H.R. 11733 as reported by the Public Works Committee would raise the Federal share for non-Interstate projects to 80 percent, while S. 3073 retains the current share of 70 percent. Members of your staff have requested the views of the Department of Transportation as to whether the Administration should continue to advocate an 80 percent Federal share for non-Interstate highway projects.

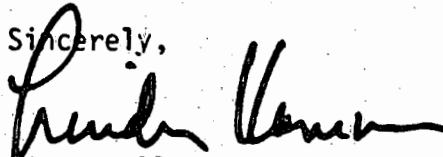
As you know, establishment of a uniform Federal match for transit and non-Interstate highway programs was a key feature of the Administration's highway-transit bill. This uniformity promotes rational and flexible decision-making at the local and State level by removing any bias based on the level of the Federal match from decisions as to what transportation improvement projects should be pursued.

You will recall that there was considerable discussion at the time the Administration's bill was put together as to whether the uniform Federal share should be set at 80 percent or 70 percent. Two of the key factors which led to the decision to set the level at 80 percent were the political impracticability and programmatic undesirability of reducing the Federal contribution to mass transit projects, and the recognition that State gas tax revenues will decline as energy and vehicle fuel economy policies take hold. In addition, we

recognized that increasing the Federal share for highway projects to 80 percent would not increase overall Federal costs or budget exposure and that State funds that were "saved" as a result of the 80 percent Federal share could appropriately be used to meet increasing costs of highway maintenance.

We can anticipate a lengthy and complex House-Senate conference on the highway-transit legislation. The Administration will need to focus its efforts during that conference on elements of the legislation which are essential to promoting effectiveness and compatibility of the highway and transit Federal assistance programs. The Department of Transportation believes that a uniform Federal share for those programs is such an element and that the reasons which initially led the Administration to advocate a share of 80 percent remain sound. Accordingly, we should make every effort to see that the House provision on the Federal share is accepted during the conference on the highway-transit legislation.

Sincerely,



Linda Heller Kamm

THE WHITE HOUSE

WASHINGTON

September 16, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Adams Memo Concerning Highway-Transit
Conference

I recommend that you defer a decision on whether to become personally involved with the Highway-Transit conferees.

We can and should adopt a very tough position with the conferees. I question whether you personally should deliver this message, since it is likely initially to antagonize the House members. I also doubt that you should be in the position of issuing a non-negotiable bottom line to this group. If the conferees fail to accept it you will be forced to veto the bill even if it is very close to your target. The rigidity of your position could then become the target of political criticism. The veto threat is strongest and our negotiating room is greatest if there is some uncertainty surrounding your ultimate intentions.

Rather I recommend that you discuss the bill in detail with Adams, McIntyre and others and then provide them with specific instructions to represent you in the conference. At the same time you should issue statements or releases that raise the public's awareness of the spending issues at stake. A very favorable climate exists for such statements because of a series of editorials earlier in the summer criticizing the extravagant House bill. Only if the conferees are stuck on some difficult issue in an otherwise acceptable bill should you personally intervene.

We are, I believe, in an increasingly strong position on this bill. If you veto this bill it is the Congress which must go home for election to face laid off highway construction workers. Because we are willing to accept some spending

above our budget our position is likely to be seen as both flexible and fiscally responsible compared to the big-spending Congress. With either no bill or a continuing resolution spending levels will fall sharply. Thus the highway building community has a strong interest in coming to terms with the Administration. Finally if we cannot pass a bill this year the chances for linking higher highway spending with higher gasoline taxes should improve next year.

Because a veto is a strong possibility I believe we should begin gearing up immediately to build support for sustaining it.

I will work with Frank and Anne to set-up an internal working group on this issue.

I would suggest that the meeting with Adams, Jim McIntyre and Frank occur as soon as possible after your return from Camp Davis.

THE WHITE HOUSE

WASHINGTON

September 26, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Sh*
SUBJECT: OMB Memo on Highway Matching Share

I disagree with OMB that we should change our position on matching shares:

1) We have widely announced our position and been widely praised for it. A flip-flop will be perceived as another case of the Administration's lack of certainty about what it believes.

2) Many states such as Pennsylvania are having difficulty meeting their matching share. This has resulted in rapidly deteriorating roads and escalating political pressures. We would be sharply criticized from these states.

3) We are already lined up virtually entirely behind the Senate version of the bill. To switch our position on the only element of our original bill that the House accepted would further antagonize the House conferees.

4) A higher matching share might mean more highway building but this would only come in the states where building has been deferred. Thus there would be little inflationary pressure.

5) The original purpose behind the 80% match remains--- to make the highway matching share uniform with the existing 80% transit capital grant matching share. This unfortunately was a key element in our original reform proposals. It removes any bias at the local level based on the Federal match as to the type of transportation project to pursue. It should not be subverted by our own action.

WASHINGTON

DATE: 14 SEP 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JIM MCINTYRE

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

JERRY RAFSHOON

JACK WATSON

ANNE WEXLER

CHARLIE SCHULTZE

FRAN VOORDE

SUBJECT: ADAMS MEMO RE HIGHWAY TRANSIT CONFERENCE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM SATURDAY 16 SEP 78 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

report out a bill which you will be willing to sign. Your personal intervention with the conferees may be needed to rectify policy problems, but we will not know that until later.* Conversely, if the Glaimo Amendment fails, the budget exposure would simply be too high to be resolved satisfactorily in conference. In that case, we believe it would be unwise to meet with the conferees because it would give the impression that you were likely to sign the bill.

DOT's conference committee strategy is keyed to determining the level of highway funds which states believe they could obligate in 1979. Based on a survey of the states, DOT would then have you use the numbers to leverage the conferees for authorizations which are lower than those in the House version of the bill. Similar past surveys of states have yielded greatly overoptimistic estimates of states abilities to obligate funds (actual obligations have underrun projections by about \$0.5 billion annually). We anticipate that states will report that they can obligate about \$9.0 billion in 1979--or \$1.2 billion over the Administration's request.

Effects of a Presidential Veto

We believe Secretary Adams paints an overly bleak picture of the consequences of a veto. Because of a recent upsurge in highway construction activity, there is little reason to believe that there will be sudden, massive lay-offs of construction workers. Furthermore, there are a variety of legislative solutions which can carry the program forward until such time as a comprehensive bill is enacted.

Federal Matching Share for Highway Programs

As you will recall, the Administration proposed an increase in the non-Interstate highway match from 70% to 80% in order to establish a uniform funding ratio for both highway and transit programs. The House version of the bill goes even further than the Administration request by raising the Federal match ratio to 90-100% for selected highway programs (e.g. bridge construction, Appalachian highways). The Senate version retains the current 70% highway match.

We believe that the Administration should support the Senate version of the highway portion of the bill in conference committee -- including retention of the 70% highway match. DOT prefers supporting the House version on the highway match issue. A decision memorandum is attached which further explains this issue.

- * The House version contains serious policy problems--e.g., 68 narrow funding categories, entirely new forms of transportation grant assistance, protectionist trade provisions, one House veto of DOT regulations, and weakening of highway beauty laws.

Attachments

WASHINGTON

DATE: 14 SEP 78
FOR ACTION: STU EIZENSTAT
JIM MCINTYRE

FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT
JERRY RAFSHOON
ANNE WEXLER
FRAN VOORDE

HAMILTON JORDAN
JACK WATSON
CHARLIE SCHULTZE

SUBJECT: ADAMS MEMO RE HIGHWAY TRANSIT CONFERENCE

XC: FM
SL

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Ronna

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM SATURDAY 16 SEP 78 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

The highway/mass transit legislation has been on our "veto candidate" list for quite some time and remains there for obvious reasons.

While Secretary Andrus' memo adequately outlines the positive and negative aspects of the pending legislation, we believe a strategy for improving the bill ought to go beyond scheduling a meeting between the President and the yet-to-be-named conferees. We should begin a low-key organizing effort aimed at a potential veto, in the hope that the threat will be taken seriously and will result in further modifications in the legislation. As we do this, we must carefully consider the consequences of taking on both the highway lobby and the mass transit lobby simultaneously. Sustaining a veto could well depend on our ability to drive a wedge between those two groups.

Jim
Lee
Please Look At Before leaving toni
msy



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 19 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr.

SUBJECT: Secretary Adams Memorandum on the Highway/
Transit Conference

In response to Secretary Adams September 13 memorandum, we recommend that you defer a decision on whether to meet with House and Senate conferees on the highway and transit bill, and we recommend that the Administration support a 70% Federal highway matching share. Details are below.

Your Involvement with the Conference Committee

We anticipate that both House and Senate will complete floor action on their respective versions of the highway and transit bill late this week. The Administration is supporting amendments in both bodies which would lower authorizations. The table below shows the consequences of these amendments on average yearly authorizations over the four year period (1979-1982). Of course, not all the authorization increases will subsequently receive appropriations.

	(Dollars in billions)		
	Admin. <u>Request</u>	<u>Increases Over Request</u> <u>House</u>	<u>Senate</u>
Bill without amendments	11.8	+3.5*	+1.4
Bill with amendments	11.8	+1.5	+0.9

* Adjusted to reflect funding reductions which House Subcommittee Chairman Jim Howard will offer on House Floor.

The single most significant amendment to be proposed is the Giaimo Amendment, which would reduce highway trust fund authorizations by about \$1.3 billion annually.

For the following reasons, OMB believes that it would be premature for you to decide at this time to meet with House and Senate conferees:

- . The Administration's first line of defense is the House and Senate floor amendments. Nothing should distract from these efforts to reduce the bill's authorizations.
- . If the Giaimo Amendment and other amendments are enacted, there is a good chance that the conference committee will

THE WHITE HOUSE
WASHINGTON

5²²

Linda Smith called to
say that Adams & she
resolved most issues of
them, but will still need
guidance from the President
on how to deal w/ conferees.

1 Sep

ID 784713

THE WHITE HOUSE

WASHINGTON

DATE: 19 SEP 78

FOR ACTION: STU EIZENSTAT-

FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT

ANNE WEXLER

CHARLIE SCHULTZE - N.C.

SUBJECT: MCINTRE MEMO RE SEC. ADAMS MEMO ON THE HIGHWAY TRANSIT
CONFERENCE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM FRIDAY 22 SEP 78 +
+++++

ACTION REQUESTED: NOTE: SEE PAGE 2 ON OMB MEMO -- NEW ISSUE

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON
9/27/78

Jim McIntyre

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Huteson

cc: Stu Eizenstat
Zbig Brzezinski

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

VICE PRESIDENT
JORDAN
EIZENSTAT
KRAFT
LIPSHUTZ
MOORE
POWELL
RAFSHOON
WATSON
WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

ARAGON
BUTLER
H. CARTER
CLOUGH
CRUIKSHANK
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HUTCHESON
LINDER
MARTIN
MOE
PETERSON
PETTIGREW
PRESS
SANDERS
VOORDE
WARREN
WISE

THE WHITE HOUSE
WASHINGTON

9/22/78

Mr. President:

Eizenstat has no objection to McIntyre's memo but observes that "major responsibility for providing this information must rest with OMB," which is always represented on any policy review committee.

Blumenthal "enthusiastically supports" McIntyre's memo, and suggests that, "in addition, you require a multi-year analysis by Treasury of any recommendation involving either tax expenditures or loan guarantees -- two devices commonly used to evade budget constraints. Only through invariable review by OMB and (where appropriate) by Treasury can you get a firm grasp on the fiscal consequences of policy recommendations."

Brzezinski's dissenting comments are attached.

Rick



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 18 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: Jim McIntyre *Jim*
SUBJECT: Budget costs in Presidential Review
Memorandum

In January you asked all agencies to use a three-year budget planning system. You directed that an analysis of long-term budget costs accompany decision papers on matters affecting the budget.

I believe it would be helpful to require this same kind of analysis of budget costs in the Presidential Review memoranda system and similar decision papers affecting the budget.

May I send the attached memorandum?

Yes ☒

No ☐

as amended
J

Attachment

McINTYRE'S Proposed
Memo



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MEMORANDUM FOR: Assistant to the President
for National Security Affairs

Assistant to the President
for Domestic Affairs and Policy

Chairman, Economic Policy Group

FROM: Director, Office of Management
and Budget

SUBJECT: Need for Analysis of Budget Costs in
Presidential Review Memoranda

I believe that we should further strengthen the Policy Management System established at the time of the 1977 reorganization of the Executive Office of the President. We can do this by assuring that policy issues and options presented to the President for decision contain appropriate consideration of budgetary consequences.

Each policy review and analysis (Presidential Review Memorandum or other) undertaken by the departments and agencies in the NSC, DPS, and EPG series should be accompanied by an Analysis of Budget Costs whenever the action recommended would change the existing budget planning base. Each Analysis of Budget Costs should be examined by the Office of Management and Budget and my comments should be provided to the President, along with the policy review and analysis paper or related NSC, DPS, or EPG summary materials. Accordingly, I ask that you include this analysis in all Presidential Review Memoranda that you prepare. OMB will make a timely examination of the Analysis of Budget Costs.

This procedure should also be applied to policy review and analysis papers prepared for Presidential decision when initiated outside the Presidential Review Memoranda series of the NSC, DPS, and EPG.

The Analysis of Budget Costs is described in OMB Bulletin No. 78-7, "Establishment of a Multi-Year Planning System," January 16, 1978, and in Exhibit 1 of that Bulletin (attached).

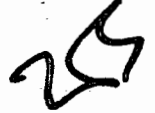
Attachment

*OMB
and will evolve with NSC and
other agencies routine procedures
to prevent delay in delivering recommendations
to the President and to preserve confidentiality
of recommendations and decisions*

BRZEZINSKI
Comment

September 20, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI 

SUBJECT: Proposed McIntyre Memo on OMB Review of PRM and Other Policy Papers

I have reviewed Jim McIntyre's proposal to add an independent, final OMB review to all policy analysis and review papers (including Presidential Review Memoranda) prepared for your consideration by the national security, domestic and economic agencies.

I find this major change in procedure -- not discussed with us beforehand -- unnecessary and possibly harmful. I am concerned that the OMB proposal will lead to greater delay in policy formulation, and also have the further harmful effect of significantly widening the number of people involved in sensitive policy issues. Taken literally, the OMB proposal would have required both their participation in and final review of the papers prepared for the Camp David Summit on the theory that the United States might come out of that negotiation with certain obligations with budgetary impact, as indeed we have to some extent. Confidentiality would simply go out the window.

Within the NSC system, policy recommendations forwarded to you go through a full, painstaking interagency review and clearance process, during which all considerations -- political, military, economic and budgetary -- are taken into account. Where appropriate, OMB participates in this interagency process at all levels. OMB does not indicate that there are any difficulties in the present system.

To tag on at the end, a further independent budgetary review would add another bureaucratic layer, dilute further the responsibilities of the line agencies, and involve OMB in a whole range of issues in which their interest is non-existent.

I therefore recommend that, unless there are some specific problems to be overcome, the current system and relationship between the NSC and OMB remain as is. If you accept Jim's proposal, I urge that you exempt NSC with the proviso that OMB will continue to participate as appropriate in NSC activities as provided by present procedures, which you yourself designed. (Indeed, I am tempted to suggest that all OMB papers be scrutinized in the last instance by the NSC from the standpoint of national security -- which after all is central!)

ID 784656

THE WHITE HOUSE

WASHINGTON

DATE: 18 SEP 78

FOR ACTION: STU EIZENSTAT

ZBIG BRZEZINSKI

SECRETARY BLUMENTHAL

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

CHARLIE SCHULTZE

SUBJECT: MCINTYRE MEMO RE BUDGET COSTS IN PRESIDENTIAL REVIEW

MEMORANDUM

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM WEDNESDAY 20 SEP 78 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

✓	VICE PRESIDENT
	JORDAN
✓	EIZENSTAT
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	RAFSHOON
✓	WATSON
	WEXLER
✓	BRZEZINSKI
✓	MCINTYRE
✓	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
✓	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	LINDER
	MARTIN
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	VOORDE
	WARREN
	WISE

12828

THE WHITE HOUSE

WASHINGTON

Date: September 18, 1978

MEMORANDUM

FOR ACTION:

Secretary Blumenthal

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: McIntyre memo re Budget Costs in President Review Memorandum

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Wednesday

DATE: 20 September 1978

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

Please note other comments below:

See attached Memorandum for the President.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

September 22, 1978

0

Mr. President:

I have no objection to Jim's proposed memo which -- so far as I can see -- simply orders me to do what I have been doing. I took your January order requiring 3-year analysis of all matters affecting the budget to include matters flowing through the Domestic Policy Review System. We have consistently attempted to provide multi-year budget impact analysis with all major proposals, whether submitted through the Domestic Policy Review System or not.

However, I would note that major responsibility for providing this information must rest with OMB which is always on the Review Committee for any policy review and which always comments on all initiatives with budget impact.

Stu Eizenstat



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

September 21, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Budget Costs in Presidential Review Memoranda

I enthusiastically support Jim McIntyre's suggestion that we require an analysis of current and outyear budget costs whenever DPS Presidential Review Memoranda, EPG Memoranda, or NSC Memoranda recommend changes in the existing budget planning base.

I strongly suggest that, in addition, you require a multi-year analysis by Treasury of any recommendation involving either tax expenditures or loan guarantees -- two devices commonly used to evade budget constraints.

Only through invariable review by OMB and (where appropriate) by Treasury can you get a firm grasp on the fiscal consequences of policy recommendations.

W. Michael Blumenthal

W. Michael Blumenthal

ID 783570

THE WHITE HOUSE

WASHINGTON

DATE: 11 JUL 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JIM MCINTYRE *ascribed*

INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

ANNE WEXLER

JACK WATSON

SUBJECT: ATTORNEY GENERAL BELL MEMO RE CIVIL SERVICE REFORM
ACT AND EFFECT UPON JUSTICE AND FBI

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM THURSDAY 13 JUL 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

Patti: memo to Vance, Bell, Campbell
Eizenstat, McIntyre, Moore

subj: memos from Vance and Bell
seeking statutory exemptions...

The President decided to make no
change in the Administration's
position, and did not approve
excluding the FBI and the
Foreign Service from the Senior
Executive Service and other provisions
of the Civil Service Reform bill.

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

WASHINGTON

DATE: 11 JUL 78

RECEIVED

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JIM MCINTYRE

JUL 12 4 8: 06

MANAGEMENT & BUDGET

INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

ANNE WEXLER

JACK WATSON

SUBJECT: ATTORNEY GENERAL BELL MEMO RE CIVIL SERVICE REFORM
ACT AND EFFECT UPON JUSTICE AND FBI

+ + + + +
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) ++ BY: 1200 PM THURSDAY 13 JUL 78 +
+ + + + +

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

OMB did not object to a Senate amendment excluding the FBI from the Civil Service Reform Bill because of a tactical judgment during committee mark-up. On the merits, we believe the provision in the legislation giving the President authority to exempt agencies administratively is an adequate answer to the Attorney General's concerns, and recommend that the President not concur with the Attorney General's request.

*Hayne Jones**Wellford
Grabquist (action)
Cuttler
Raines
Harris
Hay*



CHAIRMAN

UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D. C. 20415

July 11, 1978

MEMORANDUM FOR THE PRESIDENT

Within the past 72 hours Secretary Vance and Attorney General Bell have requested that you support amendments to the Civil Service Act to exempt the Foreign Service and Federal Bureau of Investigation from the Senior Executive Service and other portions of the Civil Service Reform Bill. In both cases a statutory exemption is sought even though the bill contains authority for the President to make an exemption if he determines that it is in the public interest.

I hope you will not approve these two requests. There is a fundamental issue at stake here and that is whether the government should continue to wall off certain top executive jobs exclusively for those who grew up in a particular agency or whether the government should make it possible for and encourage its best executives to serve where the country needs them. The Senior Executive Service was designed to encourage mobility and has won wide acceptance among all Departments.

One factor in both agencies is the existence of strong employee organizations which desire to preserve a total independence from the general civil service for their members. Both groups consider that they have superior skills and special competencies developed during their professional careers that no one else can match. Similarly, both see the possibility of people coming in from other agencies as being terribly threatening to their careers. Interestingly, both believe that their members would do outstanding jobs in other agencies. While I understand the feelings and fears involved, I cannot agree that the government's best interests are served by isolating these groups of top executives from the mainstream of government executives.

I recommend that you disapprove a statutory exemption, but advise the Attorney General and Secretary of State that you will consider administrative exemption on the merits after passage of the Civil Service Reform Bill.

ALAN K. CAMPBELL

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

September 26, 1978

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*
Subject: Merchandise Trade Balance for August
(released at 9:30 a.m., Wednesday)

The trade balance showed substantial improvement, falling from \$3.0 billion in July to \$1.6 billion in August. The recent numbers are as follows:

(billions of \$; monthly average)

	<u>Exports</u>	<u>Imports</u>	<u>Balance</u>
1977	10.1	12.3	-2.2
1978 1Q	10.3	13.5	-3.2
2Q	11.8	14.1	-2.2
June	12.1	13.7	-1.6
July	11.8	14.8	-3.0
August	12.5	14.1	-1.6

The August balance fell back to the low level of June. Virtually all major categories of exports were up. The important "machinery and transport equipment" group is now 26 percent above a year earlier. While petroleum imports rose by \$200 million, all other major import categories declined.

Most forecasts of our trade balance for 1979 show an improvement. An even larger improvement in the current account balance is being forecast. But until we get several months of good statistics back to back, the exchange markets probably won't believe it. (The good June number was followed by a very bad July.)

THE WHITE HOUSE
WASHINGTON

MEETING WITH CONGRESSIONAL CANDIDATE, BILL FARRIS

Wednesday, September 27, 1978
7:58 a.m. (2 minutes)
The Oval Office

From: Frank Moore *fm/pd*

I. PURPOSE

A photo with the President

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background: Bill Farris is the Democratic candidate for Congress in the 39th District of California. This is the seat being vacated by the retirement of Republican incumbent Charles Wiggins. Farris, a 49 year old Orange County lawyer, has run twice--losing in 1974 and 1976 to Wiggins. The District is the northwest corner of Orange County. It is a collection of solidly Republican suburbs. Farris is a clear underdog.

B. Participants: The President
Bill Farris
Frank Moore

C. Press Plan: White House photographer

III. TALKING POINTS

A. Usual courtesies.

8:00 AM

THE WHITE HOUSE

WASHINGTON

September 26, 1978

BREAKFAST WITH SPERLING BREAKFAST GROUP

State Dining Room
Wednesday, September 27, 1978
8:00A

From: Jerry Rafshoon



I. PURPOSE.

In a previous memo you agreed to host the Godfrey Sperling Breakfast at the White House sometime during August or September. With August vacations and the Summit this is the first opportunity that we have had to arrange such a breakfast.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN.

The list of attendees is attached. This group of forty reporters makes up the regular Sperling group.

In addition to a White House photographer, there will be a photographer that regularly photographs the Sperling Breakfasts.

The official White House reporters will prepare a transcript of the breakfast which will be available to those who attend the breakfast. Any reporting on the breakfast is embargoed until Thursday morning.

III. TALKING POINTS.

1. Polls. You don't pay any more attention to the polls when they are "up" than when they are "down". You do think it's significant (and unnoted by the press) that all the polls were rising sharply before the Camp David announcement.

2. Why the polls are improving. The progress on many of the difficult problems you tackled is just now becoming visible -- energy, civil service reform, Mid-East, etc. Perseverence has been the hallmark of your political career. It is now paying off on these tough issues.

3. Your immediate plans. You'll focus on the two most important domestic problems: inflation and waste and fraud in the government.

4. The theme of your Administration. You're trying to "get control" of our most serious problems and to lead America in responsible action domestically and in foreign affairs. We have too often been irresponsible on: energy, inflation, the budget, nuclear proliferation, government waste, etc.

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON

SUBJECT: ADDITIONAL POINTS TO BE MADE AT SPERLING
BREAKFAST AND AT MEDIA DINNER TONIGHT

There seems to be a tendency on the part of the press to now credit the Camp David results to every legislative success we are having. Without taking anything away from the magnificent achievement of Camp David, it should be noted that Civil Service Reform, Airline Deregulation, the natural gas compromise and the superb job of putting the natural gas vote together, and the sustaining of the defense authorization veto, were all accomplished before the Camp David success. In fact, some of these things were achieved during the time that the Camp David summit looked like a stalemate at best. Also, note that some of our notable foreign policy victories such as Panama, Turkish arms embargo, and the Mideast arms sale took place weeks and months before Camp David. All these achievements were the result of well planned legislative lobbying and the use of Presidential power and prestige.

See attached.

July 16-17 economic summit in West Germany with no assurance that the United States would soon see even a mildly effective energy policy.

Carter has been forced to retreat on a broad tax-revision proposal that called for a 25-billion-dollar tax cut and curbs on deductions that the President contends unduly benefit the rich. The White House is expected to settle for a smaller reduction of about 15 billion and agree to more cuts going to middle-income taxpayers.

Not only has Congress balked at the administration's plans, but many lawmakers are backing a cutback in capital-gains taxes, a move Carter opposes.

Politicians say that much of Carter's inability to rally the public and Congress to his side can be traced to failures by White House aides to clarify priorities and to answer complaints from Capitol Hill and elsewhere.

A case in point is the President's decision last year to halt funding for a number of water projects he believed were unnecessary. "He just lumped us all together and fired a big salvo," complains a congressional supporter of one project killed by Carter. "At least he could have called and warned us." The President eventually was forced to back down and allow some of the projects to proceed.

Similar confrontations and pullbacks on other issues have disappointed, if not alienated, some of Carter's principal backers, including elements of labor unions, Jews, blacks, women, farmers, even many residents of the President's native South.

A bright future? Carter's supporters contend that such criticism is narrowly based on specific issues and that the President still retains widespread backing among those and other groups for his stands on aiding labor, protecting the environment, reforming the bureaucracy, getting more women and minorities into government, revitalizing the nation's cities and improving the schools.

Despite the President's missteps so far, his aides insist that the future is bright.

The poor ratings in the polls are blamed in part on what the White House's domestic-policy chief, Stuart Eizenstat, describes as a "post-Watergate negativism that pervades the press and the public generally."

Administration officials note that while Carter's job-performance ratings are down, most polls still give him fairly high personal ratings.

The President, while expressing disappointment in the polls, says: "I could very well make every decision ... on the basis of how it would affect me in

18-Month Box Score

Issue by issue, here's how well President Carter has done so far on important goals supported by his administration—

	Succeeded	Failed	Still Undecided
Economic Issues			
Hold down inflation		X	
Cut unemployment	✓		
Adopt energy policy			---
Raise farm-price supports	✓		
Cut taxes			---
Reform taxes			---
Balance federal budget			---
Increase minimum wage	✓		
Pass "full employment" plan			---
Raise Social Security taxes	✓		
Contain hospital costs			---
Foreign Policy			
Sign strategic-arms-limitation treaty			---
Ratify Panama Canal treaties	✓		
Improve Soviet-American relations		X	
Supply arms to Arabs	✓		
Reduce international arms traffic		X	
Arrange Mideast peace treaty			---
Tighten export controls on nuclear materials	✓		
Other			
Get government-reorganization authority	✓		
Reform civil service			---
Create Energy Department	✓		
Establish consumer-protection office		X	
Publicly finance congressional elections			---
Revise federal labor laws			---
Set up national health insurance			---
Reform welfare system			---
Bar forced retirement before age 70	✓		
Revise water policy			---
Improve urban policy			---
Trim defense spending		X	
Regulate strip mining	✓		
Reorganize White House staff	✓		
Stop production of B-1 bomber	✓		
Reduce number of federal agencies to 200		X	
Regulate lobbyists			---
Permit common-situs picketing		X	
Expand college student grants			---
Ease voter registration			---
Deregulate airline industry	✓		
Revamp Federal Criminal Code			---
Allow federal-employee political activity			---
Enact no-fault auto insurance			---
Revise laws on illegal aliens			---
Extend federal employment and training law			---
Create an education department			---
Set higher ethical standards for federal employees			---

Attendees for the Sperling Breakfast

Charles Bartlett, Syndicated Columnist, Field Enterprises, Inc.
Aldo Beckman, Bureau Chief, Chicago Tribune
Robert Boyd, Bureau Chief, Knight Ridder Newspapers
David Broder, Associate Editor, Washington Post
Allan Cromley, Bureau Chief, Daily Oklahoman
John Dillin, Staff Correspondent, The Christian Science Monitor
Roscoe Drummond, Syndicated Columnist, Los Angeles Times Syndicate
Richard Dudman, Bureau Chief, St. Louis Post Dispatch
Mel Elfin, Bureau Chief, Newsweek
Rowland Evans, Syndicated Columnist, Field Enterprises, Inc.
Earl Foell, Managing Editor, The Christian Science Monitor
Edward Furguson, Bureau Chief, Baltimore Sun
Jack Germond, National Columnist, Washington Star
Andy Glass, Bureau Chief, Cox Newspapers
John Hughes, Editor and Manager, The Christian Science Monitor
James Kilpatrick, Syndicated Columnist
Ted Knap, Chief Political Writer, Scripps-Howard Newspapers
John Kole, Bureau Chief, Milwaukee Journal
Joseph Kraft, Syndicated Columnist, Field Enterprises, Inc.
Joseph Lastelic, Bureau Chief, Kansas City Star
Finlay Lewis, Bureau Chief, Minneapolis Tribune
Mary McGrory, Syndicated Columnist
Norman Miller, Bureau Chief, Wall Street Journal
John Mashek, Associate Editor, US News and World Report
R. Norman Matheny, Photographer,
Jack Nelson, Bureau Chief, Los Angeles Times
Lawrence O'Rourke, Bureau Chief, Philadelphia Bulletin
John Osborne, The New Republic
Patrick Oster, Bureau Chief, Chicago Sun-Times
Dean Reed, Bureau Chief, Newhouse News Service
James Risser, Bureau Chief, Des Moines Register
Martin Schram, Bureau Chief, Newsday
Hugh Sidey, Columnist, Time, Inc.
Hedrick Smith, Bureau Chief, New York Times
Godfrey Sperling, Bureau Chief, The Christian Science Monitor
Lawrence Spivak, Meet the Press, Emeritus
Richard Strout, Staff Correspondent, The Christian Science Monitor
Jerald terHorst, National Columnist, Detroit News
Robert Thompson, Bureau Chief, Hearst Newspapers
James Weighart, Bureau Chief, New York Daily News
Larry Stern, Assistant Managing Editor of the Washington Post

THE WHITE HOUSE
WASHINGTON

9/27/78

Jody Powell

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

by 8:50
a.m.,
THE WHITE HOUSE
WASHINGTON

9/27/78
7:25 a.m.

Landon Butler just brought
this by. He said he'll be
in Secretary Marshall's
office if you have any
questions.

(f.y.i., Marshall called
you yesterday; you have not
returned his call)

--SSC

(note, please read prior
to Sperling Breakfast)

THE WHITE HOUSE
WASHINGTON

Wednesday morning

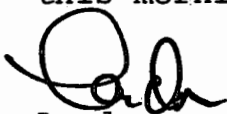
Mr. President:

Attached is a report to you by Ray Marshall on the status to the rail strike. You may want to read this before your Sperling breakfast this morning.

Note that Ray will announce at 11 o'clock this morning that the parties will resume bargaining at noon under the supervision on a mediator.

If asked about the rail strike at breakfast, I suggest that you simply say that Ray is in close touch with the parties, that he is keeping you informed, and that you understand that he may have an announcement to make late this morning.

Ray mentions in his memo the possibility that legislation may be required. I don't think you should mention that at breakfast. Stu, Charlie and I are meeting with Ray at 8 o'clock this morning to discuss this further.



Landon

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

*Jody
read*

C

September 26, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *for*

SUBJECT: Current Status of Rail Strike

As I reported to you briefly last Friday, the labor dispute between the Norfolk and Western Railroad (N&W) and the Brotherhood of Railway and Airline Clerks (BRAC) is rapidly becoming a national matter.

This morning BRAC significantly escalated the dispute by picketing 23 other railroads (see attachment I) which have interchange points with the N&W. Best estimates indicate that this has severely curtailed rail service (freight, passenger and commuter) in the Midwest and the East, and has affected a few lines in the Far West and the South. Outside of the Boston-to-Washington corridor, AMTRAK has cancelled virtually all of its trains. A list of affected railroads is attached. This list has been updated and a total number of railroads down or partially down is indicated in the BRAC press release also attached. (Attachment II)

The strike against the N&W began in early July and was expected to be confined to that railroad. However, it was recently discovered that the N&W had little motive to settle because it is receiving \$800,000 a day from a strike insurance pact to which 73 other railroads contribute. Last week BRAC began picketing several of the railroads that contribute to the mutual aid pact and have interchanges with the N&W. Later in the week, however, any new picketing was temporarily enjoined by a decision of the U.S. Court of Appeals. On Friday, Chief Justice Burger agreed to extend this temporary injunction for a few more days, thus containing the strike. However, today, in a surprise move, the Supreme Court lifted this injunction, thus permitting BRAC to strike any of the railroads that participate in the strike insurance agreement or have an interchange with the N&W.

The legal situation surrounding this strike has been muddy. BRAC escalated the strike today, prior to the Supreme Court lifting the injunction. However, BRAC may have felt that their action today was legally justifiable.

The situation is complicated by two other factors. Fred Kroll, the President of BRAC, was not elected to that post. His term of office is up in March 1979, and he is running for another term. He needs to demonstrate strong leadership to his members. Moreover, the discovery of the strike insurance pact has rendered strikes against individual railroads virtually ineffective. This has prompted BRAC's efforts to escalate the strike.

Over the last few weeks, I have been in regular contact with the members of the National Mediation Board. The Board has been unsuccessful in its efforts to mediate the strike and, under the provisions of the Railway Labor Act, released the parties from its supervision. Last week, I also met with Fred Kroll, the President of BRAC. I have also discussed the strike with Governor Jay Rockefeller, who had tried to mediate the strike because of its effect on West Virginia. Yesterday, I discussed the problem with Brock Adams. Today, I have already met with Chuck Hopkins, the chairman of the National Railway Labor Conference, which is the umbrella-group of railroad management. Later today, I will be meeting again with Fred Kroll of BRAC and Al Chesser, the head of the United Transportation Union, who is one of the most respected railway labor leaders.

The assessment of everyone involved in the dispute is that the strike against the N&W revolves around two key issues: automation and employee protection. Normally, these are the kind of issues that can be resolved through collective bargaining. But the controversy has expanded well beyond what might have been expected given the issues in dispute. The N&W has taken a hardline position because it does not want to set a precedent on these issues for other southern railroads. Moreover, for their own internal reasons, they seem determined to fight it out with BRAC.

With the absence of government intervention, it appears quite likely that the strike will continue at its new escalated level. The Department of Transportation will give me regular and independent assessments of the effects of the strike.

COURSE OF ACTION

This evening, I got both parties to agree to begin 24 hours of intensive bargaining starting at noon on Wednesday. This renewed bargaining will be with the assistance of Jim Reynolds, a former Under Secretary of Labor, who will serve as mediator.

While I will not directly participate in the negotiations, the bargaining sessions will be held at the Labor Department. I intend to publicly announce this resumption of bargaining at an eleven o'clock press conference tomorrow morning.

If these renewed negotiations fail to produce a resolution to this dispute by noon on Thursday, I would then recommend that you seek legislation to end this strike.

Attachments

ATTACHMENT I

RAILROADS AFFECTED BY THE RAIL STRIKE

Our reports indicate that the following railroads stopped:

- Illinois Central Gulf
- Southern
- Louisville and Nashville
- Chesapeake and Ohio
- Elgin, Joliet and Eastern
- Kentucky and Indiana Terminal
- Bessemer and Lake Erie
- Chicago and Northwestern
- Belt Railway of Chicago
- Amtrack (except Boston to Washington and
Boston to Chicago)

These are the railroads that are partially down:

- Milwaukee Railroad at Milwaukee, Chicago
and Seattle
- Union Pacific at Omaha
- Santa Fe at Chicago
- Cotton Belt at St. Louis
- Burlington Northern at Seattle, Chicago, St.
Paul and Ottumwa, Iowa
- Missouri, Kansas, Texas at St. Louis and
Houston
- Indiana Harbor Belt at Chicago
- Pittsburg and Lake Erie at Youngstown

NEWS FROM BRAC

ATTACHMENT II



THE MODERN UNION ... ON THE MOVE

BROTHERHOOD OF RAILWAY, AIRLINE AND STEAMSHIP CLERKS, FREIGHT HANDLERS, EXPRESS AND STATION EMPLOYEES, AFL-CIO, CLC

6300 River Road, Rosemont, Illinois 60018 • Telephone 312/692-7711
Washington, D.C. Office: 815 16th Street, N.W. 20006 • Telephone 202/783-3660

FOR IMMEDIATE RELEASE
SEPTEMBER 26, 1978

BRAC PRES. KROLL ISSUES STATEMENT

CONCERNING PICKETING OF 43 RAILROADS

WASHINGTON: President Fred J. Kroll of the Brotherhood of Railway & Airline Clerks, AFL-CIO, today issued the following statement:

"Striking members of the Brotherhood of Railway & Airline Clerks at the Norfolk & Western Railway this morning have begun to picket 43 railroads throughout the country which interchange equipment, services and supervisory personnel with the strike-bound N & W.

"We are taking this action in order to bring increasing pressure on the N & W to start negotiating a settlement in good faith and with a sense of realism that so far has been lacking from the offers of the management negotiators.

"BRAC expresses its regret to the public and to the business and agricultural communities which use the railroads for shipping merchandise. We took this step only because the N & W has maintained an aloof and arrogant position throughout the entire negotiating period. We

(more)

hope that public protest may lead it to a common sense decision to negotiate with BRAC on the issues.

"The issues involved are simple. They relate to a large number of jobs which on most railroads are available to BRAC members on a seniority basis, but which are excluded from the seniority provisions on the Norfolk and Western. We are seeking protection for our people whose jobs are abolished or are affected by job abolition. The employees' protective conditions that we are seeking presently exist on many other railroads and are not new or novel in the railroad industry.

"The strike at the N & W, therefore, is designed to help our people catch up with standards at other railways, not to pioneer new ground.

"Our cause is to help people, and we shall persevere until our goal is achieved."

The railroads affected by todays action are:

Atchison Topeka & Santa Fe
Baltimore & Ohio (limited)
Baltimore & Ohio Chicago Terminal
Belt Railway of Chicago
Bessemer & Lake Erie
Burlington Northern
Chesapeake & Ohio
Chicago & Eastern Illinois
Chicago & Illinois Midland
Chicago & Illinois Western
Chicago Milwaukee & St. Paul
Chicago & Northwestern
Chicago Produce Terminal
Chicago South Shore & South Bend
Chicago, West Pullman & Southern
Chicago & Western Indiana
Clinchfield (in Tennessee)
Des Moines Union
Detroit Terminal
Detroit Toledo & Ironton
Detroit & Toledo Shore Line
Elgin Joliet & Eastern

Grand Trunk & Western
Illinois Central & Gulf
Illinois Terminal
Indian Harbor
Kansas City Southern
Louisville & Nashville
Michigan State Line (Ann Arbor)
Missouri Kansas & Topeka
Missouri Pacific
Monon
Norfolk & Southern
Peoria Terminal Co.
Pittsburgh & Lake Erie
River Terminal
St. Louis & San Francisco
St. Louis Southwestern
Seaboard Coast Line
Soo Line
Southern
Union Pacific
Western Maryland (limited)

#

9:15 AM

THE WHITE HOUSE

WASHINGTON

September 26, 1978

MEETING WITH REP. PHIL BURTON (D-6-California)

Wednesday, September 27, 1978

9:15 a.m. (15 minutes)

The Oval Office

From: Frank Moore *f.m./pd*

I. PURPOSE

To encourage him to continue working actively with our friends on the Hill to sustain the veto he anticipates on the Public Works Appropriations bill (water projects).

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

Background: Phil will actively work to sustain the veto; especially if Jim Wright leads the fight to override.

Participants: The President, Rep. Burton, Frank Moore, Bill Cable, and Jim Free.

Press Plan: White House Photographer.

III. TALKING POINTS

1. He should be thanked for his invaluable support on the carrier veto override which he viewed as a major effort on his part and an indirect confrontation with Jim Wright.
2. He is planning to escalate his opposition to Jim Wright using the Public Works bill as a vehicle and it is our judgment that he plans to carry on his attack against Wright using the energy bill as a final victory.
3. Explain to him that you understand that he is committed to work against you on passage of the gas bill in the House and that you hope he will recognize that this is going to be a close call and hope he will give you the benefit of the doubt.

THE WHITE HOUSE
WASHINGTON

9/27/78

Frank Moore

The attached were returned in
the President's outbox today and
is forwarded to you for your
information.

Rick Hutcheson

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ACTION
FYI

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
OFFICE OF THE MAJORITY LEADER
WASHINGTON, D. C. 20515

JIM WRIGHT
TEXAS

9/26/78

Dear Mr. President:

This is just a personal note. I'm typing it myself. It has to do with the Energy bill, and the Public Works Appropriation. They are inter-related.

Whether you realize it or not, Tip and I have almost as profound an involvement in the enactment of an energy program as you. I feel that I had more than a little to do with the bill's passage in the House last year. Whatever happens on the water bill, I'm personally committed to do everything in my power to pass the energy package. The country needs it.

As of this afternoon's accounting there are more than 80 House Democrats who still list themselves as "undecided" on Energy. Others say they are "leaning" pro or con. The issue is far from resolved. It will not be easy by any means.

The point of this message is that what you do on the water bill could have a serious -- perhaps even decisive -- effect upon our chances to adopt the Energy package. A veto of Public Works would, in my opinion, place the energy bill in considerably greater jeopardy than it is at the moment.

It is my guess that, with a big effort on your part, a veto might be sustained, barely -- although I along with several others in the House leadership would have to be on the other side, using up time and energy that I'd much rather be devoting to our common pursuits. But, ironically, a veto sustained would be far more injurious to the energy bill's prospects than one overridden. This because of the perhaps understandable bitterness which it would engender among many of my colleagues.

That, in my best judgment, is the crux of the matter. It is a question of relative national priorities, and the decision must be yours. Knowing your personal predilections on the water subject, I expect it is a hard one for you. In my view, it's a fight ~~you don't need~~ ^{none of us needs}, and one which the nation itself can ill afford at this time.

Sincerely,

A handwritten signature, likely of Jim Wright, written in dark ink.

THE WHITE HOUSE
WASHINGTON

September 14, 1978

CONGRESSIONAL TELEPHONE CALLS

TO: Rep. Mo Udall (D-Ariz. 2) — done } note of
Rep. Ed Derwinski (R-Ill. 4) — done } vote
Rep. Bill Ford (D-Mich. 15)

DATE: As soon as possible.

RECOMMENDED BY: Terry Straub (S/ND) *Frank Moore*

PURPOSE: To congratulate these congressmen and thank them for their help on the Civil Service Reform bill.

BACKGROUND: While you talked with Reps. Udall and Derwinski briefly yesterday, private calls to each of these Members are recommended. Rep. Ford was most responsible for getting the Bill Clay problem in hand. He also took the lead on Title VII and was a very constructive force. All three of these Members will serve on the conference committee.

TOPICS OF DISCUSSION:

I. REP. MO UDALL

1. Congratulations on your success.
2. Thank you for steering this legislation through very difficult waters and holding everything together. The compromise which you affected is a good one.
3. I am looking forward to working with you while this legislation is in conference and urge you to keep the process moving until all differences are resolved.

II. REP. ED DERWINSKI

1. Congratulations on your success.
2. Thank you for holding the Republican side and keeping a bipartisan flavor in the debate.
3. I am looking forward to working with you while this legislation is in conference and urge you to keep the process moving until all differences are resolved.

III. REP. BILL FORD

1. Congratulations on your success.
2. Thank you for your efforts in working out the problems involved in clearing the way for passage of this legislation and taking the lead on Title VII.
3. I am looking forward to working with you while this legislation is in conference and urge you to keep the process moving until all differences are resolved.

Date of submission: September 14, 1978

9:20 AM

9

THE WHITE HOUSE
WASHINGTON
September 26, 1978

MEETING WITH MEMBERS OF THE HOUSE ON THE FY 1979
PUBLIC WORKS APPROPRIATIONS BILL

Wednesday, September 27, 1978
9:20 a.m. (15 minutes)
The Cabinet Room

From: Frank Moore *FM/8.7.*

I. PURPOSE

To solicit active support from these Members of Congress in sustaining a possible veto of this bill.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: Anne Wexler will open the meeting and pass out briefing packets to each Member in attendance.

Jim McIntyre will then present a general summary of the Administration's objections to this bill.

Chairman Schutlze will discuss the inflationary aspects of the bill.

You and Rep. Phil Burton will arrive at the meeting and after your departure, Secretary Andrus and Secretary Alexander will continue the briefing.

Participants: See attached list.

Press Plan: White House photographer only.

III. TALKING POINTS

My major objections to the Appropriations Bill:

--Six projects terminated after the difficult battle and compromise last year are reinstated in this bill. The Administration carefully studied these projects and although I agreed to let a number of other unsound projects proceed, I cannot accept the reinstatement of these six:

Yatesville	(Kentucky)	(Perkins D-Ky)
Lukfata	(Oklahoma)	(Watkins D-Ok)
Bayou Bodcau	(Louisiana)	(Long D-La, Waggonner D-La)
Narrows	(Colorado)	(Evans D-Col, Johnson R-La)
Savery-Pot		
Hook	(Colorado)	(Evans D-Col, Johnson R-La, Roncalio D-Wyo)
Fruitland Mesa	(Colorado)	(Evans D-Col, Johnson R-Col)

--I cannot even accept "study" money for these projects. No amount of additional study will make these projects acceptable.

--Although I proposed 26 new water projects, the bill not only funds these but includes 27 additional projects. The 27 include projects which have not been fully planned. Some have not met legal requirements; some are economically or environmentally unsound: some are low priorities we simply can't support in a tight year (recreational boat harbors, for example).

--In all, they cost \$1.2 BILLION more than our request for 26 projects. I know some Members of the Committee feel that my proposals were too late for their consideration. However, there has been ample time since my water policy message in early June for modifications in this bill and the real issue is the quality and readiness of these projects.

--The bill mandates the addition of 2300 employees to the Corps of Engineers and Bureau of Reclamation. We can't hold back the growth of bureaucracy with such requirements.

--The bill deletes funding for the Water Resources Council (only \$1.3 million). While I'm aware that the Water Resources Council has been criticized for inaction in the past, I've given them important new assignments to help assure consistency and coordination. This will help the water resource program, not hurt it.

--The bill doesn't use the "full funding" approach for new starts. This is a business-like procedure which is very important to me. I proposed 26 new starts this year by requesting their full cost, including inflation (\$604 million). Yet this bill funds 53 new projects costing \$1.8 BILLION with an appropriation of only \$104 million.

--I'm not anti-water projects. I support ongoing construction on water projects costing a total of \$35 BILLION. My FY 1979 request for water projects is \$2.5 BILLION. I am the first President in four years to propose new water project starts. I compromised last year and accepted a number of projects I personally did not believe should be built.

--I need your help in sustaining this possible veto, and I commit the complete effort of The White House in this fight.

PARTICIPANTS

Briefing on Public Works Bill

The President

James T. McIntyre - Director of the Office of Management
& Budget

Charles L. Schultze - Chairman of the Council of Economic
Advisers

Cecil D. Andrus - Secretary of the Interior

Clifford Alexander - Secretary of the Army

Anne Wexler - Assistant to the President

Frank Moore

Jim Free

The following Members of the U. S. House of Representatives:

BEDELL, Berkley
BEILENSON, Anthony
BLANCHARD, James
BOLLING, Richard
BONIOR, David
BRADEMAS, John
BRODHEAD, William
CORNELL, Robert
DERRICK, Butler
DODD, Christopher
DOWNEY, Thomas
EDGAR, Robert
FRASER, Donald
GEPHARDT, Richard
GUDGER, Lamar
HARKIN, Tom
HOLTZMAN, Elizabeth
KOSTMAYER, Peter
LEHMAN, William
MCGUIRE, Andy
METCALFE, Ralph
MIKVA, Abner
MOFFETT, Toby
NOLAN, Richard
PREYER, Richardson
REUSS, Henry
SCHROEDER, Patricia
SEIBERLING, John
SHARP, Philip

SIMON, Paul
SOLARZ, Stephen
VANIK, Charles
WAXMAN, Henry
WEAVER, James

2:45 PM

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

FOR THE PRESIDENT

FROM GRETCHEN POSTON *GP*

DATE: 26 September 1978

SUBJECT: RECEPTION FOR JAYCEES
27 September 1978

1:30 P.M. Guests arrive East Gate, and proceed to Family Theater to be seated.

2:45 P.M. The PRESIDENT arrives Family Theater - enters at door near screen area - and continues to stand-up mike.

The PRESIDENT'S remarks.

The PRESIDENT departs Family Theater, into East Colonnade for receiving line, and individual color photographs.

(Guests to depart Family Theater from screen area, through receiving line, and into East Garden Room area for refreshments.)

3:00 P.M. The PRESIDENT departs East Wing.

3:30 P.M. All guests depart Residence via East Gate.

2:45 PM

THE WHITE HOUSE

WASHINGTON

September 25, 1978

MEETING WITH U.S. JAYCEES

Wednesday, September 27

2:45 p.m. (15 minutes)

Diplomatic Reception Room

From: Hamilton Jordan

Anne Wexler

24
Ann

I. PURPOSE

To thank the Jaycees for their endorsement of the anti-inflation program, to seek further support of other Administration programs and to pose for individual photographs.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: The Jaycees have earlier endorsed the anti-inflation plan (see attached). Prior to your arrival, they will have been briefed by W. Bowman Cutter, Executive Associate Director for Budget, Office of Management and Budget, on public works and inflation, and John O'Leary, Deputy Secretary, Department of Energy, on energy. Upon conclusion of your remarks, an individual photograph will be taken with each of the members. One picture, accompanied by a news release, will be sent by each Jaycee to their state Jaycee newsletter, to the major newspaper in their respective state, their hometown newspaper, as well as television and radio stations, Associated Press, United Press International, and other publications of other organizations to which they belong.
- B. Participants: The 51 State Jaycee Presidents (includes Washington, D.C.) plus the 20-member Executive Committee.
- C. Press Plan: Press photo opportunity.

III. TALKING POINTS

1. As prepared.

THE WHITE HOUSE

WASHINGTON

September 26, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, JERRY DOOLITTLE *JFD*
SUBJECT: Talking Points for Jaycee Reception

1. I don't believe I've ever been outnumbered 51 to 1 by presidents before. Fifty-two to 1, counting Judy Ettinger (Note: President of the Jaycee's women's auxiliary, the Jaycettes). Welcome to all of you, and to your national officers as well.

2. You're in constant touch with 386,000 young men between 18 and 35 in your 9,000 local Jaycee chapters, and I see by your choice of a theme for this week's Washington seminar that we've both been hearing the same thing from our constituents: concern for the country's economic mood.

3. Inflation can only end if all of us -- in business and the professions, and labor and in government -- are ready to make thousands of small but tough decisions, every day. But if we make those personal economic decisions on the assumption that inflation will continue, our prophecy will fulfill itself.

I know that you have already been briefed today on many of the inflationary problems presented by legislation, like the public works bill. Your cooperation will be needed if we are to succeed in keeping the budget in line.

4. I have done what I can in the government sector to see that we break that cycle. I am holding raises for government workers to 5.5% this year, and I am making good progress in cutting down our budget deficits.

5. Our imbalance of trade should improve once we have a comprehensive national energy program in place. With the Senate's vote on natural gas this afternoon, I am happy to report that we are well along the way to having a sound national energy program. I know that many of you are already doing your part through the more than 500 Jaycee-sponsored energy conservation and education programs. Those efforts are needed, and I encourage all of you to have your Chapters become active in these kinds of educational programs.

6. These programs are so important because government can only solve part of our basic problems. The rest is up to people like you -- community and professional leaders who can set an example which others will follow. If that example is one of selflessness and restraint, we can solve our energy problem and slow down the inflation that eats at our salaries, our savings, and the strength of our dollar abroad.

7. If you do not mind, I would like to have a picture taken with each of you.

Beahon, Michael Lewis	8/24/43 - Rochester, NY
Bechtol, James Terry	5/1/45 - Biloxi, MS
Benedeck, Alan	4/14/42 - Berwyn, IL
Besozzi, Thomas Eugene	8/24/44 - Dennison, OH
Brandt, Benjamin Robert	10/21/44 - Hershey, PA
Brannon, Jr., Leonard Douglas	3/31/44 - Nashville, TN
Brumett, William Allen	7/23/47 - Lonoke, Ark.
Bunker, Gary M.	9/7/46 - Orange, CA
Burley, Davin Eugene	12/20/48 - Brockport, NY
Butler, Ted Nile	1/26/47 - Fayette Co., Alabama
Caldwell, Darwin E.	9/3/46 - Houlton, ME
Cannaday, Michael Wayne	12/3/47 - Martinsville, VA
Carlock, Donald Lee	1/13/48 - Council, ID
Cecil, Charles Michael	4/15/47 - Lebanon, KY
Cockriel, Stephen Eugene	6/8/48 - Long Beach, CA
Cox, James C., Jr.	12/18/42 - Hartsville, SC
Eckert, James Russell	1/14/43 - Lock Haven, PA
Emmons, Jerry (Nick) Lyn	8/1/43 - Selmer, TN
Erickson, Richard E.	4/5/45 - Billings, MT
Ettinger (nee Brown) Judith Ann	6/11/43 - Detroit, MI
Flentge, Cecil Roland	7/8/44 - Mercedes, TX
Garrow, Gilbert Lee	2/26/47 - New London, WI
George, Robert Kalah	12/19/49 - Roanoke, VA
Glandt, Dr. Robert Chris	1/4/47 - Scottsbluff, NE
Groeschner, Donald Louis	2/18/43 - Norwalk, CT
Hartfield, George Don	7/4/46 - Columbia, MS
Herring, J. Harold, Jr.	1/4/48 - North Carolina
Hoffman, Norman Wilson	12/5/42 - Chicago, IL
Ingram, Robert Dewey	3/14/48 - McComb, MS
Ishihara, Wayne Toshimi	10/14/46 - Kula, Maui, HI
Jaekle, Jack	
Japinoski, Jr., Theodore Anthony	9/7/43 - Canon City, CO
Jessup, Curtis Martin	7/25/43 - Connersville, IN
Johannes, James Michael	4/17/45 - Scottsbluff, NE
Kennedy, Barry Lynn	7/7/46 - Falls City, NE
Kennedy, Diane	3/10/45 - Beatrice, NE
Kenney, Jerome F.	6/29/26 - New York, NY
Kenyon, Robert Lowell	7/26/43 - Klamath Falls, OR
Kilburg, Dean Joseph	3/18/49 - Bellevue, IA
Lamoureaux, Louis H.	8/26/45 - Woonsocket, RI
LeBlanc, Mike Wayne	7/9/48 - Kansas City, MO
	11/24/50 - Horry County, S.C.
Lee, Jeff	5/1/44 - Boston, MA
Lynch, Michael Joseph	6/22/45 - Philadelphia, PA
Marinelli, John	1/14/49 - Scotland, SD
Mehlhauff, Leslie L.	9/24/49 - Morenci, AZ
Moore, Gary L.	12/2/46 - Tahoka, TX
Moore, Jr., James Woodard	7/9/44 - West Bend, WI
Nehrbass, James Alan	6/15/45 - Hempstead, NY
Pascarelli, Edward Peter	4/8/47 - Port Washington, WI
Plier, Robert Edwin	12/1/43 - Tacoma, WA
Porter, William S.	9/13/47 - Princeton, MO
Powell, Dean Haley	12/9/45 - New Martinsville, WV
Price, S. Kent	8/17/47 - Detroit, MI
Robinson, Michael Joseph	

Romano, Randolph Holmes
Rushton, Robert Archie
Senjem, David H.
Shelden, Finis Junior
Silhacek, Edward James
Spaulding, Bruce Marvin
Taschner, LeRoy G.
Varnadore, Donald Gene
Vining, Robert Lyle
Walker, Stewart Lee
Walsh, Patrick William
Weable, Larry D.
Weeks, Gary L.
Wells, John Shelby
West, Michael Kenneth
Wheeler, E. Leon
Williams, Roger Courtland
Wilson, Elvis D.
Woodard, Robert Lewis
Zacharias, Vaughn Curtis
Ziebell, Frank

1/25/43 - Framingham, MA
7/6/44 - Dexter, GA
12/20/42 - Austin, MN
11/14/47 - Waynesville, MO
10/2/45 - Decorah, IA
9/18/42 - Waterbury, VT
8/4/46 - South St. Paul, MN
3/7/47 - San Angelo, TX
3/16/47 - Perrinton, MI
4/4/48 - Spanish Fork, UT
11/13/46 - Olean, NY
9/10/47 - Leon, IA
9/13/45 - Dayton, OH
9/26/44 - Nashville, TN
6/7/45 - Washington, D.C.
10/23/45 - Atlanta, GA
6/11/44 - Atlanta, GA
4/17/44 - Sweetwater, TX
9/11/46 - Portsmouth, VA
9/18/51 - Valley City, ND
4/4/42 - Dayton, OH

Selig

RESOLUTION ON VOLUNTARY WAGE AND PRICE GUIDELINES

WHEREAS, inflation today poses one of the greatest threats to the economic well-being of the nation, and

WHEREAS, the current Administration has devised a comprehensive and thoughtful program to be pursued by government, business and labor, by voluntary cooperation, and

WHEREAS, voluntary compliance with needed economic restraints is an obligation of all who believe in a strong America;

BE IT THEREFORE RESOLVED that the leadership of The United States Jaycees Endorse President Carter's position on voluntary wage and price guidelines, and call specific attention to these areas:

To restrict price increases for calendar year 1978 below the annual average increases from December, 1975 to December, 1977;

to hold executive salary increases below 5 percent for the calendar year 1978 or on a twelve month basis; and

to hold average annual increases in total compensation over the life of a new agreement to significantly less than the average under the existing agreement.